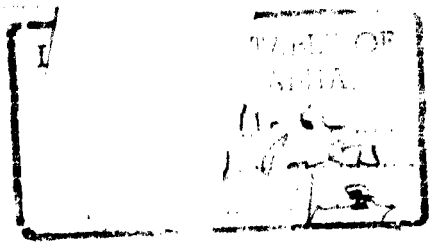

P.A.C. No. 76-II

PUBLIC ACCOUNTS COMMITTEE
1962-63

FIRST REPORT
(THIRD LOK SABHA)

[Appropriation Accounts (Railways), 1960-61 and Audit Report (Railways), 1962]

VOL. II—APPENDICES

LOK SABHA SECRETARIAT
NEW DELHI
September, 1962
Asvina, 1884 (Saka)
Price : Rs. 2.35 nP.

LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

S.N.	Name of Agent	Agency No.
	ANDHRA PRADESH	
1	G.R. Lakshmipathy Chetty & Sons, General Merchants & News Agents, Newpet, Chandragiri, Chittoor District (Andhra Pradesh).	94
	BIHAR	
2	'Jagriti', Bhagalpur-2.	72
	GUJARAT	
3	Lok Milap, District Court Road, Bhavnagar	16
4	The New Order Book Company, Ellis Bridge, Ahmedabad-6	63
	MADHYA PRADESH	
5	The National Law House, Near Indore Library, Opp. Old High Court Building, Indore	29
6	Modern Book House, 286, Jawahar Ganj, Jabalpur-1	41
	MADRAS	
7	The Kalpana Publishers, Booksellers, Trichinopoly-3	24
	MAHARASHTRA	
8	The Imperial Book Depot, 266, Mahatma Gandhi Road, Poona	4
9	The Popular Book Depot (Registered), Lamington Road, Bombay-7.	5
10	The International Book House, Private Ltd., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22
11	The International Book Service, Deccan Gymkhana, Poona-4	26
12	Charles Lambert and Company, 101, Mahatma Gandhi Road Opp. Clock Tower, Fort, Bombay	30
13	The Good Companions, Raspura, Baroda	34
14	The Current Book House Maruti Lane, Raghunath Dadaji Street, Bombay-1.	62
15	Deccan Book Stall, Fergusson College Road, Poona-4	65
16	The New Book Company (P), Limited, Kitab Mahal, 188-190, Dr. Dadabhai Naoroji Road, Bombay	73
	MYSORE	
17	Makkalapustaka Press, Balamandira, Gandhi Nagar, Bangalore-9	69
18	People's Book House, Opp. Jaganmohan Palace, Mysore-1	71
19	Pervaje's Book House, Koppikar Road, Hubli	89
	ORISSA	
20	The Cuttack Law Times Office, Cuttack-2.	12
21	Ekamra Vidyabhaban, Eastern Tower Room No. 3, Bhuvaneshwar-1	
	PUNJAB	
22	The English Book Depot, 78, Jhoke Road, Ferozepore Cantt.	74
	RAJASTHAN	
23	Information Centre, Govt. of Rajasthan, Tripolia, Jaipur City, Rajasthan	36
24	K.M. Agarwal & Sons, Railway Book Stall, Udaipur	50
	UTTAR PRADESH	
25	Swastik Industrial Works, 59, Holi Street, Meerut City (U.P.)	48
26	A.H. Wheeler & Company, Private Limited, 15, Elgin Road, Allahabad	31

CONTENTS

	PAGE
Composition of the Public Accounts Committee (1962-63) . . .	(iii)

APPENDICES

*II. Statement showing action taken or proposed to be taken on the outstanding recommendations of P.A.C. on Railway Accounts . . .	1
III. Memorandum from the Railway Board regarding para 6 of Audit Report —Savings in Grants and Appropriations	46
IV. Explanatory Notes on Excesses over Voted Grants and Charged Appropriations—paras 7 and 8 of Audit Report	53
V. Memorandum from the Railway Board regarding para 9 of Audit Report— Investments in Private Companies and State Corporations . . .	63
VI. Memorandum from the Railway Board regarding para 10 of Audit Report— Suspense Balances	67
VII. Memorandum from the Railway Board regarding para 12 of Audit Report— Delay in fixing the rate for handling work	76
VIII. Memorandum from the Railway Board regarding para 13 of Audit Report—Loss due to incorrect evaluation of tenders for a goods handling contract	78
IX. Memorandum from the Railway Board regarding para 16 of Audit Report—Irregular splitting up of work orders	89
X. Note from the Railway Board indicating measures taken to carry out the additional responsibilities (common carriers' liabilities) cast on them— Reference para 34 of Audit Report	91
XI. Memorandum from the Railway Board regarding action taken on para 81 of 17th Report of P.A.C. (1955-56)	93
XII. O.M. from the Railway Board regarding action taken on paras 22-23 of Fourth Report of P.A.C. (1957-58)	95
XIII. Memorandum from the Railway Board—Action taken on para 184 of 21st Report of P.A.C. (1959-60)	106
XIV. Memorandum from the Railway Board—Action taken on para 10 of 33rd Report of P.A.C. (1960-61)	107
XV. Memorandum from the Railway Board—Action taken on para 18 of 33rd Report of P.A.C. (1960-61).	109
XVI. Copy of letter dated 4-7-1962 issued by the Railway Board to all Railways regarding catering and vending contracts. (Para 43 of 33rd Report of P.A.C.)	111
XVII. Memorandum from the Railway Board—Action taken on para 49(iii) of 33rd Report of P.A.C.	114
XVIII. Memorandum from the Railway Board—Action taken on para 5 (Introduction) of 40th Report (1961-62).	116
XIX. Note from the Railway Board—Action taken on para 6 (Introduction) and para 45 of the 40th Report of P.A.C.	117

*Appendix No. I is appended to Vol. I.

M 844 (Aii) LS—1

PAGE

XX. Copies of Instructions issued by the Railway Board to all Railways regarding observation of Rules—Reference para 8 (Introduced) and para 59 of 40th Report of P.A.C. 119

XXI. Memorandum from the Railway Board—Action taken on para 14 of 40th Report of P.A.C. 120

XXII. Memorandum from the Railway Board—Action taken on paras 16—18 of 40th Report of P.A.C. 121

XXIII. Memorandum from the Railway Board—Action taken on para 19 of 40th Report of P.A.C. 128

XXIV. Memorandum from the Railway Board—Action taken on paras 31—33 of 40th Report of P.A.C. 143

XXV. Memorandum from the Railway Board—Action taken on para 36 of 40th Report of P.A.C. 150

XXVI. Memorandum from the Railway Board—Action taken on para 40 of 40th Report of P.A.C. 152

XXVII. Memorandum from the Railway Board—Action taken on para 42 of 40th Report of P.A.C. 157

XXVIII. Memorandum from the Railway Board—Action taken on para 44 of 40th Report of P.A.C. 158

XXIX. Memorandum from the Railway Board—Action taken on para 49 of 40th Report of P.A.C. 159

XXX. Memorandum from the Railway Board—Action taken on paras 51—53 of 40th Report of P.A.C. 160

XXXI. Note from the Ministry of Transport and Communications (Department of Tourism)—Action taken on para 56 of 40th Report of P.A.C. . . . 172

XXXII. Memorandum from the Railway Board—Action taken on paras 62 and 63 of 40th Report of P.A.C. 175

XXXIII. Memorandum from the Railway Board—Action taken on para 70 of 40th Report of P.A.C. 180

XXXIV. Memorandum from the Railway Board—Action taken on para 73 of 40th Report of P.A.C. 184

XXXV. Memorandum from the Railway Board—Action taken on paras 76 and 77 of 40th Report of P.A.C. 195

XXXVI. Memorandum from the Railway Board—Action taken on para 79 of 40th Report of P.A.C. 197

XXVII. Memorandum from the Railway Board—Action taken on para 87 of 40th Report of P.A.C.. 202

XXXVIII. Memorandum from the Railway Board—Action taken on para 89 of 40th Report of P.A.C.. 204

XXXIX. Memorandum from the Railway Board regarding economy measures adopted by the Railways and results thereof 206

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTE (1962-63)

CHAIRMAN

Shri Mahavir Tyagi

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Shri Hem Raj
6. Shri Jaipal Singh
7. Sardar Kapur Singh
8. Shri R. K. Khadilkar
9. Shrimati Maimoona Sultan
10. Dr. P. Mandal
11. Dr. G. S. Melkote
12. Shri Mathura Prasad Mishra
13. Shri Mohan Swarup
14. Shri Ravi Narayan Reddi
15. Shri Prakash Vir Shastri
16. Shrimati K. Bharathi
17. Shri Nawab Singh Chauhan
18. Shri Dahyabhai V. Patel
19. Shri Sonusing Dhansing Patil
20. Shri Lalji Pendse
21. Shri Rajeshwar Prasad Narain Sinha
22. Shri Jai Narain Vyas.

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

APPENDIX II

Statement showing action taken or proposed to be taken on the previous recommendations/conclusions of the P.A.C. on Railway Accounts

S.No.	Ref. to para No. of the Report	Min./Deptt. concerned	Particulars of the item	Remarks of the Ministry	Comments of the Committee
1	2	3	4	5	6
			Seventeenth Report (1955-56)		
1	81	Railways / Lab. & Emp.	The implications arising from the recommendations made by the Committee in the matter of amendment of the Payment of Wages Act to ensure the recovery of traffic debits from the station staff should be carefully examined at an inter-Ministerial meeting and the matter expedited. In the meantime, the Committee should like to know the extent of improvement effected in the	The position of the case remains the same as explained to the Committee in the Ministry of Railways' Memorandum (Appendix XI). A further Note will be submitted as soon as the matter is finalised by the Ministry of Labour & Employment.	The Committee find that although this matter has been pending since 1955-56, no improvement in the position has been recorded. They suggest that the question of suitably amending the Payment of Wages Act should be finalised early by the Ministry of Labour and Employment and the Committee informed. At the same time, other steps, if any, taken by the Railway Ministry to

1	2	3	4	5	6
			recovery of outstandings of traffic debits since the Committee last examined this matter. *Comments of the Committee* (1961-62) *in their 40th Report*: "The progress made in the recovery of outstanding debits may be reported."		improve the recovery of traffic debits, and the progress made therein may be reported to the Committee.
			Fourth Report (1957-58)		
2	22-23	Railways	The Committee are surprised to observe that the safety margin of 1·25 tons for furnishings which was usually allowed in wooden coaches was not provided in the case of these metal coaches. It is regrettable that an expert Organisation like the Central Standards Office should have committed such a serious error in a matter which ultimately	A note has been submitted by the Ministry (Appendix XII).	The Committee are of the opinion that the lapse for which C.S.O. was found responsible should have been found out before the officer retired from service. They suggest that Ministries/ Departments should not wait for Audit to point out a lapse or irregularity before initiating action in such matters.

involved the safety of thousands of railway passengers. The Committee suggest that an investigation should be made into this case and responsibility fixed.

Comments of the Public Accounts Committee (1959-60) *in their 21st Report*:

The result of investigation by the High Level Team of officers appointed to examine the case may be intimated to the Committee.

Comments of the Public Accounts Committee (1960-61) *in their 33rd Report*:

The case may be expedited and a report submitted to the Committee.

Comments of the Public Accounts Committee (1961-62) *in their 40th Report*:

The Committee deprecate the delay in taking action in this case. They desire that the result of the investigation may be reported to them without further delay.

1	2	3	4	5	6
3	47	Railways	. The Committee would like to be apprised of the settlement of the case mentioned in para 21 of the Audit Report in due course. *Comments of the Committee* (1961-62): "Further developments may be reported."	A high level contact has been made and the Railway Administration has been assured that the third instalment of payment due to the Railway will be received by the end of July, 1962.	The Committee suggest that the date of payment of the third instalment should be communicated to the Committee*.
			Fifteenth Report (1958-59)		
4	50	W.H. & S.	*Comments of the PAC* (1959-60), *S. No.* 26, *Appendix I to* 21*st Report:* They suggest that the desirability of blacklisting the contractor might be examined by the Ministry of Railways and Works, Housing & Supply. *Comments of the PAC* (1961-62) *in their* 40*th Report* : The Committee feel that the period of suspension of business with the contractor should be specified.		Note awaited.

5	8	Railways	. An early decision should be taken in the matter of introduction of uniform procedure for providing funds for repairs and maintenance of residential buildings of Railways with reference to capital cost etc. and fixation of suitable ceilings in this respect on lines similar to the system obtaining in the C.P.W.D. and M.E.S. The introduction of such a procedure will not only help the Railway Administration to frame their budget estimates on a realistic basis but also ensure uniform and economic standards of maintenance of buildings. *Comments of the Committee* (1961-62) *in their 40th Report* : Further progress may be reported.	Attention of the Committee is invited to the Memorandum submitted by the Ministry of Railways on the subject from which it will be noted that a decision was to be taken after information regarding actual expenditure incurred in the financial years 1959-60 and 1960-61 has been collected. The information in respect of the financial year 1960-61 will take some time more to be collected and a decision will be taken as soon as the information becomes available.	The Committee suggest that an early decision should be taken in the matter and a report made to the Committee.
6	19	Railways	. The Committee trust that the Railway Board will pursue the question of claiming	Through clerical error, provision for liquidated damages incorporated in the	No comments.

*The Ministry of Railways have since communicated that the Andhra Pradesh Road Transport Corporation have paid the third instalment of Rupees Seven lakhs on 23-7-62 to the Railway.

1	2	3	4	5	6
			liquidated damages from the firm for the delay in erection of wagons and arrive at a final settlement at an early date. *Comments of the Committee (1961-62) in their 40th Report:*	agreement was a sum equivalent to one half of one per cent of the contract value of the uncompleted works for each week or part thereof, instead of 1% per month or part thereof as provided in the tender. This is an unfortunate omission which is very much regretted.	
			"The Committee are surprised how the alleged error in such an important provision in the contract *escaped the notice of both the parties.*"	As already reported to the Committee, however, an overall settlement has been reached in respect of all outstanding claims the Government had against the contractor including that for liquidated damages and the counter-claims of the contractor against the Government.	
7	43	Railways	The Committee would like to await a report on the case regarding loss due to supply of defective sleepers after the investigation by the Special	A copy of the letter conveying General Manager's displeasure to the Sleeper Passing Officer, has been reproduced *in toto* in the service sheet	No comments.

		Police Establishment was over. *Comments of the Committee* (1961-62) *in their 40th report*: A copy of the warning administered to the second officer should be placed in his Confidential dossier if not already done.	of the officer. Since the officer has finally retired from Railway Service, the Ministry of Railways would plead that the case may now be treated as closed.	
184	Railways	The Committee suggest that the Railway Board, in consultation with the Ministries of Steel, Mines and Fuel, Law, etc., should devise suitable measures to safeguard against such contingencies arising in future. Strict instructions should be issued to the Railway Administrations impressing upon them the importance of executing formal agreements with private firms before the commencement of the works and supply of	A Memorandum is submitted (*vide* Appendix XIII).	The Committee desire that they may be informed of the result of reference to the Ministry of Law.

1	2	3	4	5	6
			the material to the contractors as stipulated in the contract. Even in cases where a work is to be started on emergency basis, adequate precautions should be taken to ensure that any material supplied to the contractor is properly utilised by him towards the fulfilment of the contract. *Comments of the Committee* (1961-62) *in their 40th Report :* "Further progress may be submitted".		
			Thirty-third Report (1960-61)		
	10	**Railways**	It is obvious that the adoption of the revised handling contract form at Wadi Bunder regardless of the prevailing practice in that station placed the Railway Administration in a disadvantageous position	Note submitted (Appendix XIV).	No comments.

			when the contractor demanded higher rates for works excluded from the contract. The Committee are disturbed over the delay in fixing responsibility for this mistake and trust that the matter will be decided expeditiously. *Comments of the Public Accounts Committee* (1961-62) *in their 40th Report:* The Committee defer further consideration of this case pending receipt of further information called for.		
10	18	Railways	The Committee trust that the investigation into the allegation against officers regarding irregular classification of earthwork will be expedited. *Comments of the Committee* (1961-62) Further progress may be awaited.	A Memorandum is submitted (*vide* Appendix XV).	No comments.

1	2	3	4	5	6
11	29	Railways	. It is surprising that the Ministry of Railways did not appr ciate that on the basis of Controller of Stores' report, immediate action was called for to stop further shipment of rails in bundles. *Comments of the Committee* (1961-62) The Committee feel that proper attention was not paid to the communication from the Controller of Stores by the Railway Board.	The observations of the Committee have been noted. In order to avoid similar omissions in future, necessary instructions have been issued to the Eastern Railway Administration and to the officers and staff of the concerned Directorate in the Railway Board's office.	The Committee desire that further investigation should be made in this case to fix responsibility.
12	35	Railways	. In the opinion of the Committee there was a serious failure on the part of all the officers concerned to take even elementary precautions in the case regarding supply of taps and dies. The case requires to be reviewed; individual responsibility should be fixed and effective remedial measures devised.	The observations of the Committee have been noted in the Ministry of Railways. This has been seen by Audit.	No comments.

			Comments of the Committee (1961-62) *in their 40th Report* : The Committee trust that such cases will not recur in the Railway Administration.		
13	39	W. H. & S.	The Committee would like the D.G.S. & D. to examine whether the delay in the supply of raw materials to the firm was occasioned by any fault on the part of Government. If it were so, the responsibility therefor should be fixed. Otherwise, the question of recovering liquidated damages from the firm for the delayed supplies should be examined. *Comments of PAC* (1961-62) *in their 40th Report :* Under the circumstances there was little justification for depending entirely on the indigenous supply.		Note awaited.
14	43	Railways	The Committee consider that adequate safeguards should be provided in the revised procedure to ensure that	Necessary instructions have been issued to the Railways (Appendix XVI).	No comments.

1	2	3	4	5	6
			contracts for catering and vending are not amended arbitrarily to the disadvantage of the Railways. With this end in view, they suggest that systematic procedure should be laid down by the Railway Board for the collection and review of data and their consideration at a proper level in consultation with the Financial Adviser. *Comments of the Committee* (1961-62): "A further report may be awaited."		
15	46	Railways	The Committee are unable to accept the plea that the delay in taking a decision (two years) on the case referred to in para 44 was due to the non-availability of the relevant file containing the final orders of the Railway Board. They desire that action	The observations of the Committee have been noted in the Ministry of Railways.	The Committee feel that mere 'noting' of the observations of the Committee (1961-62) is not adequate. They suggest that the Committee should be informed as to whether their observations have been communicated to the officers concerned.

			should be taken to fix responsibility for the delay which, in their opinion, was abnormal. *Comments of the Committee (1961-62) in their 40th Report:* "The Committee feel that the time taken by the Branch Officers and Dy. Director was rather excessive which deserved due notice."		
16	49	Railways	The Committee would like to be informed of the progress made in recovering the dues from the firm. *Comments of the Committee (1961-62) in their 40th Report):* "The Committee may be informed of the final outcome of the case."	A Memorandum is submitted (Appendix XVII).	The Committee might be informed of the final outcome of the case.
17	52—54	Railways	The Committee are not satisfied with the manner in which the case had been handled by the Railway. In their opinion, the compromise proposal in the pleader's letter was not fully considered on its merits.	The observations of the Committee have been noted and conveyed to the Railway concerned, in continuance of the general instructions issued to all Railways on 18-8-1960.	No comments.

1	2	3	4	5	6
18	53	Railways	The Committee see no reason why the facts of the two similar cases were not communicated to the pleader by the Railway well in time.		
19	54	Railways	The observations of the Court in this case indicate the indifferent manner in which the case was conducted. *Comments of the Committee* (1961-62) : "The Committee are not happy the way this case was handled."		
20	56	Railways	The Committee would like to be apprised of the final progress of the case regarding fraudulent payments referred to in para 55 of the Report. *Comments of the Committee* (1961-62) : "The outcome of the case may be reported."	Of the two persons under trial, one has been found guilty in both the cases and convicted by the Court. The other person was a retired clerk re-employed, and his services had been terminated before this case came to light. Hence, departmental action cannot also be taken now.	The Committee invite attention of the Ministry to their earlier recommendation (Para 30, Fifth Report, 1952-53) for launching simultaneously departmental action against delinquent officials where action to prosecute in a court of law is also taken.

21	66	W.H. & S.	In the opinion of the Committee, there had been a laxity in supervision on the part of the Assistant Director of Supplies concerned in allowing the letter from the Sleeper Passing Officer to remain for about three months without final action being taken thereon. *Comments of PAC (1961-62) in their 40th Report:* The absence of detailed provisions regarding duties of Section Officers cannot be regarded as a valid plea for not taking action against the delinquent official.		Note awaited.
22	80	Railways	The case regarding avoidable expenditure on water charges should be reviewed with a view to fixing responsibility on officers for laxity in supervision. *Comments of the Committee (1961-62) in their 40th Report :* "In the opinion of the Committee, the officers are to be	As desired by the Committee, the Railway Administration was asked to probe again into the question of fixing responsibility also on gazetted officers in the light of Committee's observations. A report will be submitted to the Committee as soon as the further probe by the Railway is completed.	The probe should be concluded early and the Committee apprised of the result.

1	2	3	4	5	6
			blamed for allowing the matter to remain undecided for so long. The absence of detailed procedural instructions cannot be regarded as a valid plea for not taking action against them." *Fortieth Report* (1961-62)		
23	5 (Intro.)	Railways	The Committee regret to observe that despite their repeated warnings and the assurances given to them by the Railway Board the position regarding drawing up of contracts and their execution remains unsatisfactory.	A Memorandum is submitted (Appendix XVIII).	The Committee would like to watch the result of instructions issued by the Railway Board.
24	6 (Intro.)	Railways	The Committee were concerned to see the unsatisfactory position in the matter of recovery of maintenance and interest charges in respect of assisted sidings. They have suggested that a uniform fo-	A Memorandum is submitted (Appendix XIX).	The Committee, while noting that the target date has been fixed for the recovery of maintenance and interest charges, reiterate that in the interest of the Railways themselves it was necessary to de-

			rmula should be evolved as it will put an end to disputes arising out of old concessions and facilitate sp edy recovery of the charges. The Committee have also suggested for consideration the appointment of a special team to review the old agreements and a target date set for the same.		vise a uniform formula at an early date to avoid disputes. They would also like to watch the progress made in liquidating the arrears by the 31st March, 1963—the target date now fixed.
	45	Do	The Committee are not satisfied with the pace of progress in the matter of devising a uniform formula for fixing maintenance and interest charges for sidings. They recommend that the Ministry of Railways should consider the feasibility of appointing a special team to review the old agreements and bring them over to the new pattern and fix a target date for this purpose.		
25	8 (Introduction)	Railways	The Ministry of Railways should ensure strict compliance of the rules and instructions by the Administrations at all levels.	In noting the recommendation of the Committee, the Railways have again been instructed that they should ensure strict com-	No comments.

1	2	3	4	5	6
	59	,,	The Committee regret to observe that the cases dealt with in paras 50 to 58 of this report show how non-observance of the prescribed checks and delay in pursuing the case had entailed the Railway Administration in loss of revenue. They are not satisfied that the remedial measures devised to strengthen control would go far unless the Ministry of Railways ensure strict compliance of the instructions by the Railway Administrations at all levels.	pliance with the instructions in regard to the supervision of the working of the travel agents, city booking agents etc. by the officers and staff at all levels. The Railways have further been told that any lapses noticed in this regard should be viewed seriously. (Appendix XX)	No comments.
26	2	Railways	"Safe" supplementaries are no less serious than excesses over voted Grants. The Committee trust that the Ministry of Railways will endeavour to frame their estimates in future with greater precision.	The Committee's observations are noted. It may be mentioned, however, that the Supplementary Demands presented in February/March of a year are based on the Revised Estimates submitted by the Railways (taking into account *inter-*	No comments.

				viz. the actual for seven months) any alterations of which will be difficult as the figures also affect the General Budget. Every endeavour will continue to be made to further improve on the preparation of Budget and Revised Estimates. The attention of the Railways will be drawn again to this aspect.	
27	3	Railways	The Committee deprecate the practice of approaching Parliament for funds with effective or incomplete data.	At the time of framing the Supplementary Demands, it was anticipated that due to economy measures (as a result of general directive of 1958) there would be a saving of 31.30 lakhs. The requirements of extra funds on account of certain other factors *viz.* arrears in the Authorised Scales of Pay, debits for 'order police', contingencies etc. were however estimated to be 59.32 lakhs, thus necessitating the Supplementary Demand of 28.02 lakhs. However, the amount of savings as anticipated proved to be an	No comments.

1	2	3	4	5	6
				under-estimate at the time of Final Modification *i. e.* at the very end of March, 1960, the Railways indicated a surrender of 52 lakhs, mainly due to certain posts not having been filled due to economy measures, the full impact of which was known only by then. The remaining saving of 28 lakhs under this demand was mainly due to economy measures notified in February 1960 (shown inadvertently as February 1959 in para 23 of Part I—Review of the Appropriation Accounts 1959-60) by way of ban on creation or filling up of posts, which could not be foreseen until after the close of 1959-60. The Ministry of Railways, however, would respectfully submit that every effort continues to be made, to assess the requirements of funds as accurately as pos-	

				sible when Supplemetary Demands are moved in the Parliament.	
28	5	Railways	It is apparent that the savings in connection with the electrification project and construction of wagons were due to over optimism on the part of the Railway Administrations in estimating their requirements and subsequent delays in planning and execution of the work. The Committee would watch the results of the introduction of the practice of obtaining of 'token' Grants, as suggested by the P.A.C. (1959-60).	The observations of the Committee are noted.	No comments.
29	6	Railways	The excesses over Grants and Appropriation mentioned in para 6 of the Report may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.	It is reported that the excesses have since been regularised by the Parliament.	No comments.
30	8	Railways	A specific vote of Parliament should have been obtained by the Ministry of Railways	The observations of the Committee are noted.	No comments.

1	2	3	4	5	6
			before incurring expenditure on the extension of the Railway line from Barabil to Panposh Gorge, which was a 'New Service'. The Committee trust that the Ministry of Railways will note this for future.		
31	11	Railways	The Committee feel that while the nature of the service should as a rule be the determining factor to decide whether an item of expenditure constituted a 'New Service' the volume of expenditure involved cannot be ignored from the point of view of effective Parliamentary control. The Committee, therefore, consider it necessary that Parliament should be apprised and their financial approval taken in advance of commencing works involving large amounts of expenditure as in the cases referred to in para 9 of the Report.	Generally works involving large amounts of expenditure are included and itemised separately in the Budget presented to Parliament. However, in the few cases when commencing works involving large amounts of expenditure as in the cases referred to in para 9 of the Report, as a result of post-budgetary developments, the observations of the Committee will be borne in mind.	No comments.

32	14	Railways .	(i) The Committee will watch the results of the steps taken by the Ministry of Railways to avoid accumulation of outstanding 'Suspense Balances' through future Audit Reports.	A Memorandum is submitted. *See* Paras 16-19 of the Repo (Appendix XXI).
			(ii) The Committee would draw the attention of the Ministry to their observation contained in para 14 of their 10th Report (First Lok Sabha) and reiterate that large sums lying under "Suspense" without being charged off to the respective final heads of accounts vitiate Parliamentary Control over expenditure and are, therefore, highly objectionable.	
			(iii) As the outstandings under 'Suspense' comprise advances to Contractors, there is a risk of serious financial loss if these dues are not claimed in proper time.	
	16	Railways .	The Committee desire to be apprised of the final outcome of the case ragarding import	A Memorandum is submitted (*Vide* Appendix XXII) The Committee would like to have a further note indicating the progress made.

1	2	3	4	5	6
			of wooden sleepers from U.S.A. They cannot, however, refrain from expressing their dissatisfaction at the inordinate delay which had occurred in this case in deciding upon the line of action to be taken. In their opinion this delay will entail the Railway in a three fold loss.		
34	17	Railways	(i) The Committee cannot accept the plea that the provisions regarding inspection of stores included in the contract for sleepers imported from U.S.A. was to the advantage of Government financially. In their opinion, inspection, if it is to serve the intended purpose, should be independent of the seller and the cost thereof is only of secondary importance.		No comments.

			(iii) The Committee consider that the terms, as regards inspection in contracts, should be so framed as to ensure the independent characteristics of the inspection on behalf of the buyer. They endorse the view of the Ministry of Works, Housing & Supply that where the India Supply Mission is called upon to arrange inspection or shipment of stores, the Railway Board should consult the Mission on the relevant clauses regarding inspection in order to avoid practical difficulties in their execution of which the Mission would be best aware; and where time does not permit such consultation the Ministry of Works, Housing & Supply should invariably be consulted.	
35	18	Railways	Another unsatisfactory feature of the contract regarding import of sleepers from	The Committee feel that due consideration was not given to financial prudence in

1	2	3	4	5	6
			U.S.A. was that the contractual arrangements did not permit withholding of the final payment for the sleepers even though defects in the supplies had been noticed in the meantime and there was a justifiable case for withholding the payment.	this case. They hope that such types of cases will not recur in future.	
36	20	Railways	. In the opinion of the Committee inclusion of even a conditional acceptance in the contracts of the species of sleepers which had been excluded in the call for tenders was a concession to the suppliers.	A Memorandum is attached (Appendix XXIII) containing the Ministry of Railways' submission in respect of Serial Nos. 15 to 18, and embodying also Audit comments thereon with reference to S. Nos. 15 and 16, the latter being relevant to S.No. 16(*ii*). It will be seen that Audit have made no comments on the other items.	*See* paras 88-92 of the Report.
37	21	Do.	(*i*) The Committee feel that by giving the instruction that the consignee Railway in India "could work on the assumption that the two species will eventually be accepted" the Member (Engineering) had acted		

		beyond his powers. These instructions had in fact turned out to be tacit encouragement to the firms for sending further shipments of the unapproved species.
		(ii) In the light of the orders passed by the Minister of Railways on 11th March, 1960 the categorical observation made before the Committee by the Chairman, Railway Board that the Ministry was assured at the highest level that the timber was technically acceptable is not sustained.
22	Do.	In the light of their observation the Committee feel that an enquiry is called for to ascertain whether undue concessions were shown or improper encouragement given to the Australian firms in this deal.
23	Do.	The Committee desire to be furnished with a note as to how the reduced price was

1	2	3	4	5	6
			fixed for the sleepers of the unapproved species and the life expectancy assumed for them.		
40	26	SM&F(Deptt. of Mines and Fuel)	The weight of the shipments on the basis of which the collieries were paid the price of coal, was the most important factor which the Deputy Coal Controller should have verified with reference to the documentary evidence, before he certified the bills.		Notes awaited
	26	Do.	(*ii*) In the Committee's opinion it was wrong on the part of the Deputy Coal Controller to have invoked clause 27 of the contract without giving an opportunity to the Ministry of Railways to explain the legal basis of their view. The Committee find it difficult to be persuaded that		

			no damage was done by the decision of the Deputy Coal Controller to the case of the Southern Railway.		
41	27	Do.	The fact that the contractors finally accepted the payment for 11 months on the basis of the invoiced weight makes it demonstrably clear that the alleged difficulties in establishing the correct invoiced weight were not real and that the contractors, though aware of the weakness of their case, thrived on the lapses of the Dy. Coal Controller. The Committee, therefore, feel that a thorough enquiry into the case is called for.		
42	31	Railways	If the Controller of Stores really meant business, he would not have taken so much time in pursuing the case regarding revision in the rates for clearance of sea-borne stores especially when the Accounts Office was also stationed at the same place. Obviously the financial interests of Rail-	A Memorandum is submitted (*vide* Appendix XXIV)	The Committee feel that the arguments advanced by the Ministry of Railways for the settlement arrived at by the Central Administration as being reasonable in all the circumstances of the case, are not convincing. They regret to note that in this case also the Deputy Controller of Stores, the officer

1	2	3	4	5	6
			ways were not uppermost in his mind. The Committee feel that he had been let off lightly.		responsible for the lapses, had retired by the time the case was finalised.
43	32	Railways	The Committee would like to be informed of the results of the review of the disciplinary aspects of the case regarding loss in the contract for the clearance of sea borne stores.		
44	33	Do.	The Committee question how the repayment of Rs. 3·20 lakhs by the firm in full settlement of all claims (against an overpayment of Rs. 26·91 lakhs as computed by Audit) in respect of fully assembled stock is considered by the Ministry to be "reasonable settlement in all the circumstances of the case". The Committee feel that this case requires a thorough investigation.		

45	36	Railways	The Committee suggest that an enquiry be made into the causes for the delay of 6 years in taking up the disciplinary aspects of the case regarding loss due to deterioration of sleepers at Sleeper Treating Plants.	A Memorandum is submitted. (Appendix XXV).	The Committee note that, in this case also no action was possible as the officer mainly concerned with the lapse had retired. The explanation given in this case is also not satisfactory.
46	40	Railways	The Committee deplore the delay of nearly 10 years in implementing the special instructions issued by the General Manager, Eastern Railway, regarding review of earnings from assisted sidings. Fallure to conduct systematic annual reviews has deprived the Railway Administration of its legitimate revenue. The Committee urge the imperative need for an up-to-date list of sidings and timely review thereof so that recoveries from the patries concerned are prompt.	A Memorandum is submitted. (Appendix XXVI).	The Committee do not find any substantial improvement in the position of recoveries. On the other hand the position in the Asansol Division has further deteriorated as indicated by the latest figures furnished by Audit. They suggest that a careful watch might be kept over the progress.
47	42	Railways	The Committee regret to observe that the N.E.F. Railway Administration took more than 3½ years to	A Memorandum is submitted. (Appendix XXVII.)	No comments.

1	2	3	4	5	6
			devise a standard form of agreement to be entered into with the siding owners. The laxity in maintenance of proper accounts by the Accounts Office of the N.E. Railway is also deplorable and calls for stern action.		
48	44	Railways	The Committee deprecate the tardy manner in which the collection of legitimate dues was processed by the Northern Railway Administration at different stages.	A Memorandum is submitted. (Appendix XXVIII).	No comments.
49	48	Railways	In the opinion of the Committee the cases mentioned in para 46 of the Report establish beyond doubt a grave abuse of power. The irregularities seem to be of a widespread nature and unless prompt and deterrent action is taken in time it may become difficult to combat the evil in the con-	(*a*) Action is in progress against the defaulters suspected to be responsible for the irregularities mentioned in para 46 of the Report. (*b*) To prevent recurrence of cases of upward revision of classification of earth-work in future, instructions have been issued to the Railway	The Committee suggest that action against defaulters should be finalised quickly and the Committee informed.

			text of large scale construction of new and doubling up of lines as part of the Plan.	Administrations (*vide* Board's letter No. 60/W-5/DL/SE/5 dated 7-9-1960).	
50	49	Railways .	The Committee trust that the Railway Administration will process the departmental enquiries against the officials concerned with avoidable expenditure in the construction of Coffer Dams expeditiously and bring to book those adjudged guilty.	A Memorandum is submitted (Appendix XXIX).	The Committee hope that action against the delinquent officials would be finalised before they retire.
51	51	Railways .	When the Railway Administration had knowledge of the past performance of the Managing Director of the firm, it should have been obvious to any responsible officer that a close watch was called for in the matter of prompt realisation of the sale proceeds of tickets. There has been gross neglect of the financial interest of the Railways.	A Memorandum is submitted (Appendix XXX).	The committee feel that such a collective error in an organisation like the Railways is regrettable.
52	52	Do.	The Committee would like to be apprised of the final outcome of the recovery from		In the opinion of the Committee it is unfortunate that a firm with no physical

1	2	3	4	5	6
			the firm of the sale proceeds of Railway tickets.		assests worth the name was selected. They would like to have a further report on the progress of the civil suit and of the criminal proceedings.
53	53	Transport & Communications.	(*i*) Having recommended the agency with a not alogether satisfactory record, the Ministry of Transport & Communications should have watched its working by calling for reports from the Railway. The Committee regret to state that in the case of the second firm also referred to in para 32 of the Audit Report, the Ministry have not kept a close watch on the working of the firm as they should. (*ii*) The Committee trust that the result of the reviews of the working of travel agencies will be communicated in time to Railways (and	As per note attached herewith. (Appx. XXXI.)	The Committee trust that with the remedial measures now adopted, such cases would not recur.

			other agencies) to enable them to take action wherever necessary.		
54	55	Railways	The Committee are unhappy that the disciplinary aspects of the case referred to in para 54 of the Report were not properly considered by the competent authority.	In noting the observations of the Committee, it is respectfully submitted that in this case charge-sheets were issued against two Head Cash Witnesses held responsible for not watching receipt of cash bags. Enquiry under the Discipline & Appeal Rules has since been completed against one of them and the report of the Enquiry is expected shortly. Disciplinary proceedings could not be processed further against the second employee, as he was on the sick list for a long time. He has resumed recently and necessary action is under way to finalise disciplinary proceedings in respect of him also.	The Committee would like to be informed of the final result of this case.
55	56	Do.	Even in the matter of pursuing the case with the contractor there had been a delay of nearly 3 years on the part of the Railway Administration	The Ministry of Railways regret that there was prolonged inter departmental correspondence in this case which could have been avoided to	

1	2	3	4	5	6
			in instituting civil action against him. The Committee deplore such delays in a Commercial Department like the Railways.	some extent thereby reducing considerably the time lag between the date when the contractor's default came to notice and the date when the civil suit against him was filed. In order to avoid such delays, remedial instructions have been issued to the Railways in Board's letter No. 57-AC-III/25/37 dated 29-6-61.	
56	58	Railways	It passes the Committee's comprehension why the Eastern Railway Administration did not even alert their inspectors and caution vigilance when the contractor's defaults on the N.E. Railway had come to light. They would like to be apprised of the results of the investigation by the S.P.E.	While noting the observations of the Committee, it is pleaded in extenuation that the nature of irregularities committed by the City Booking Agents on the Eastern and North-Eastern Railways were somewhat different. With the prescribed checks then in existence on the Eastern Railway, it is perhaps doubtful whether the irregularities could have been detected even if the inspecting staff had been	The Committee would like to be informed when the court case is finalised.

				alerted and cautioned vigilance in July 1954, when the contractor's defaults on the North-Eastern Railway came to light. However, to guard against recurrence of such frauds, detailed instructions have been issued to the Railways *vide* Board's letter No. 57-AC.III/25/37 dated 29-6-61. The criminal case started by the S. P. E. is still *sub-judice* in the court at Patna. A further report will be sent after the case in the court is finalised.	
57	62 & 63	Railways	It was unfortunate that the Assistant Traffic Superintendent who reported the unnecessary detention of wagons failed to record detailed particulars thereof nor did he pursue the matter properly. The senior officers also failed in their duty in not making prompt investigations and fixing the contractor's	A Memorandum is submitted (Appendix XXXII.)	The Committee find that in this case also the Assis ant Traffic Superintendent concerned retired before any action could be taken against him. They do not, however, propose to pursue this case.

1	2	3	4	5	6
			responsibility. Had this been done the Railway could have got its legitimate dues. The Committee would like to be apprised of the action taken in this case.		
58	65	Railways	The Committee are concerned to see that successive warnings of leakage of revenue by overloading of wagons had not been heeded. In their opinion, this is a case of gross neglect of the financial interest of the Railways which required investigation and fixation of responsibility.	The matter is under examination in consultation with the Railway Administration in light of the observations of the Committee. A report will be sumitted to the Committee as soon as the said examination is completed.	The examination should be completed early and a report submitted to the Committee.
59	66	Do.	Apart from the loss in revevenue and quicker wear and tear, disregard of loading restrictions may result in serious accident and should, therefore, be dealt with sternly.		

60	68	Railways	The Ministry of Railways should examine the suitability of Station Committees for the duties entrusted to them as regards collection of conservancy cess, fees for grazing rights and rent for shops etc. in view of their continued ineffective working for over ten years.	The Station Committees except that at Khargpur are being gradually abolished, and their functions are being taken over by the Medical and Engineering Departments who will hereafter be responsible for the realisation of railway dues. During the time the Station Committees function, their affairs will be closely supervised by the Presidents of such Committees who are Railway officers. This has been seen by Audit.	No comments.
61	70	Railways	Failure on the part of the Railway Administration to adhere strictly to the terms of the agreement resulted in outstandings against firms enjoying credit note facilities. The Committee desire to be apprised of the final outcome of these cases and also of the disciplinary action taken by the Railway Administration.	A Memorandum is submitted (Appx. XXXIII.)	The Committee observe that this is yet another case where due to delay in taking action, the officer concerned retired. They would like to be apprised of the further progress of the case.
62	73	Railways	(i) The non-availability of the files of the Commercial Department relating to waiver	A Memorandum is submitted (Appendix XXXIV.)	No comments.

1	2	3	4	5	6
			of wharfage requires a thorough investigation as loss of relevant files at the crucial time will vitiate important enquiries. (ii) The Committee find it difficult to subscribe to the view of the Ministry of Railways that 'no case of undue preference to the particular consignee in question can be established' as the comparable statistical data (furnished by the Ministry) do not lead to such an inference. While the Committee are not averse to delegation of powers, they are emphatically of the opinion that there should be periodic reviews on exercise of such powers and any abuse/misuse of such delegated powers should be severely dealt with.		
63	76	Railways	. The Committee are concerned to note the heavy station	A Memorandum is submitted (Appendix XXXV).	The Committee trust that efforts to liquidate the freight

			outstandings and feel that any delay or complacency on the part of the Railway staff dealing with the outstandings should not be countenanced. They, therefore, desire the Ministry of Railways to tighten up the existing procedure by introducing such changes as are found necessary.		outstandings would not be relaxed.
64	77	Do.	The Committee trust that the special attention will be paid to station outstandings on the N.E. and N.F. Railways.		
65	79	Railways	The continuance of the fraud (drawal of T.A. on false T.A. Journals) by the Railway Protection Police staff for seven months after it had been noticed indicates lack of vigilance on the part of the Railway Administration and its Accounts Department. The Committee desire this aspect to be gone into.	The Memorandum is submitted (Appendix XXXVI.)	The Committee do not feel happy over the manner in which this case has been dealt with. The latest position regarding recovery of the sum should be communicated to the Committee.

1	2	3	4	5	6
66	82	Railways	(i) The Committee do not approve in principle the action of the General Manager NEF Railway in ignoring the view of Audit and the decision of Government and continuing the payment of the allowance without proper authority. (ii) They regret to observe that the recommendation of the Committee that the views, expressed by Audit should normally be accepted and acted upon provisionally pending final decision by competent authority was overlooked in this case. They desire that suitable instructions should be issued for the guidance of all concerned.	Necessary instructions in the matter have been issued *vide* letter No. 62-B (C)-PAC. II/40(47) dated 24-4-1962.	No comments.
67	85	Railways	The Committee fail to understand why the Railway Administration should	The Ministry of Railways are happy to report that the Assam Oil Co. have	No comments.

			choose to refer the matter to arbitration when the Ministry of Law have advised them to refer the matter to a Court of Law. They disire that effective steps shoud be taken to settle the matter without such avoidable delays.	since paid in full the outstanding dues on account of siding charges. This settlement was essentially effected through negotiation on the further advice of the Ministry of Law as being a course preferred to either arbitration or legal proceedings. This has been seen by Audit who have stated that the figures are under investigation by them.	
68	86	WH&S.	The Committee consider that warning without any record thereof in the confidential personal record of the officers concerned is, in effect, no punishment at all. They desire that suitable note of the warning should now be kept in the confidential dossiers of the officers concerned in the case regarding extra expenditure on the purchase of caustic soda cells.		Note awaited.
69	87	Railways	The Committee desire that the Ministry of Railways	A Memorandum is submitted (Appendix XXXVII.)	No comments.

1	2	3	4	5	6
			should examine the reasons for delay in the Ministry in handling the case regarding building of coaches and take action wherever necessary.		
70	89	Railways	The Committee desire to be informed of the final settlement of the case regarding construction of coaches, namely whether the contractor completed the work within the stipulated period, if not, what action had been taken to recover the liquidated damages from him.	A Memorandum is submitted (Appendix XXXVIII)	Further progress of the case might be communicated to the Committee.
71	90	Do.	The Committee consider the remarks of the Ministry of Railways on their observations pointing out the rules governing competitive tenders as uncalled for.	Noted.	No comments.
72	92	Railways W.H. & S.	Considering the widespread nature of irregularities and	Efforts are being made to	The Committee would like to

the extent of losses suffered by the Railway Undertaking, it is in the interests of Government as a whole to arrange for the services of competent non-Railway engineers to serve on the Railways' Vigilance Organisation.	obtain the services of able and trustworthy engineers from the State Public Works Departments on deputation and the State Govts. have been addressed once again in this connection in Feb., 1962. Replies from most of the State Governments are still awaited. Suitable engineers will be selected from among those recommended by the State Governments.	be apprised of the further progress made in this case.

1844 (Aii) LS.—4

APPENDIX III

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Para 9 of the Report)

MEMORANDUM

Savings in Grants and Appropriations—Para 6 of Audit Report, Railways, 1962.

Item No. I of the list of points forwarded under Lok Sabha Secretariat's O.M. No. 2/IX/(2)/62/PAC, dated 31-7-1962.

Item No. 1:—Break up of savings aggregating 55·08 crores with explanatory remarks.

In paragraph 6 of Audit Report, Railways, 1962 (pages 3-4), reference is made to a 'major portion of the saving (55·08 crores) having occurred, as in previous years, under grants relating to expenditure met from Capital, Depreciation Reserve Fund and Development Fund, largely as a result of delay at different stages in the planning and execution of works'. Particular mention is made of one large constituent of the aforesaid total saving—namely, "a saving of over 25 crores in respect of bulk orders for Rolling Stock" due to various reasons.

2. It is evident, from paragraph 4 (page 2) of Audit Report, Railways, 1962, that the aforesaid total saving is the aggregate of the 'final savings' in actual expenditure with reference to original grant/appropriation *plus* supplementary grant/appropriation; this is distributed grantwise as under:—

Grant 15	..	10·30 crores
Grant 16	..	32·95 crores
Grant 17	..	6·04 crores
Grant 18	..	5·79 crores
TOTAL	..	55·08 crores

3. The reasons for the above savings, which are also referred to in broad terms in the Audit Report, Railways, 1962 (*vide* para 6 thereof), are given in the detailed Appropriation Accounts for Railways, 1960-61 (*vide* paras 49 to 55 of Appropriation Accounts 1960-61, Part I). These reasons are set forth somewhat more fully in the succeeding paragraphs in relation to each of the grants Nos. 15, 16, 17 and 18.

4. At the outset, it may be mentioned, that in viewing the overall savings referred to, cognizance has to be taken of the special factors that affected budgetary control during 1960-61. After the tempo of economic progress which had slowed down during 1958-59, picked up again during 1959-60, it was anticipated that, during 1960-61, the last year of the Second Five Year Plan, the Railways would be able to push forward the various Railway Programmes for development. In fact, the Minister for Railways, when introducing the Railway Budget for 1960-61, stated "It is, however, hoped that the steel supply will materialise shortly". It was anticipated that the availability of materials in general and critical Railway items in particular would further improve during 1960-61, thus enabling the Railways to work up to the level of expenditure envisaged. These anticipations turned out later to be optimistic, and Railways were unable to utilise the funds fully during the year. It was, for example, anticipated that, with the steel plants going into production, the requirement of steel for wagon building, which was nearly 1·5 lakh tons, would be met substantially from indigenous production. As is generally known these anticipations of indigenous production could not materialise, the steel plants having fallen somewhat behind schedule on account of their own difficulties. It was consequently necessary to go in for imports of steel to an extent not envisaged at the time of the Budget. These imports could be arranged only after a more or less firm picture of the level of indigenous supply for the Railways was available. This meant obtaining clearance for imports, in stages, when it became progressively clear that the level of indigenous supply was substantially lower than anticipated at the beginning of the year. Imports arranged in stages naturally took some time to materialise, with the result that supply of 'matched' quantities of steel for wagon building lagged behind, thus upsetting the wagon production programme. Similarly, in regard to rails, the expectation of indigenous supply initially was 2·3 lakh tons, during 1960-61. This was later revised to 1·65 lakh tons and still later to 1·35 lakh tons. The actual supplies turned out to be only 0·81 lakh tons. The programme for import of rails had therefore to be stepped up to nearly 3 lakh tons during the year. Anticipations of receipt of imported rails also did not fully

materialise, as some of the shipments were received early in 1961-62 instead of in the later part of 1960-61.

5. The saving of over Rs. 25 crores (referred to in the Audit Report) under Rolling Stock—pertaining to grants Nos. 16 and 17 taken together needs specific explanation in these preliminary remarks. The actual analysis of the saving is given below:

(In crores of Rs.)

	Budget	Anticipations in the Revised Estimate, on which Supplementary Demand was based	Actuals	Savings at the stage of Revised Estimate	Final savings Col. 2 minus Col. 4
1	2	3	4	5	6
(*a*) Rolling Stock under Grant No. 16—Additions	47·25*	46·43	38·79	0·82**	8·46
(*b*) Rolling Stock under Grant No. 17—Replacements	31·67†	26·42	23·35	5·25††	8·32
TOTAL OF (*a*)+(*b*):	78·92	72·85	62·14	6·07	16·78

*Taken from the analysis in page 25 of Appropriation Accounts of Railways 1960-61 Part I Review.

†Taken from the analysis in page 28 of Appropriation Accounts of Railways 1960-61 Part I Review.

**Taken from Explanatory Note in page 19 of Supplementary Demands for Grants for Expenditure of the Central Government on Railways (1960-61).

††Taken from Explanatory Note in page 21 of Supplementary Demands for Grants for Expenditure of the Central Government on Railways (1960-61).

The total final saving under Rolling Stock, taking grants Nos. 16 and 17 together, was thus Rs. 16·78 crores only. 'The large saving of over Rs. 25 crores' under Rolling Stock, referred to in paragraph 6 (page 4) of Audit Report, Railways, 1962, includes in addition to the aforesaid figures of Rs. 16·78 crores, an amount of Rs. 10 crores foreseen even in the original Budget as 'probable savings' and shown in the analysis in page 25 of Appropriation Accounts of Railways 1960-61 Part I Review. In other words, out of the saving of about Rs. 25 crores mentioned in the Audit Report, Railways, 1962, a saving of Rs. 10 crores was, in fact, foreseen and provided as a 'cushion' even in the original budget; the probable savings were, in effect, increased to Rs. 16·07 crores in the Revised Estimates as shown in the above analysis.

Grant No. 15—

6. The saving of 10·30 crores is largely with reference to the original grant, as the small supplementary grant of 30 lakhs was obtained specifically in respect of the new works ('New Services') 'Bailadilla-Kottavallasa' and the 'Madhopur-Kathura' projects. For these projects, token Supplementary Grants of at least 1,000 or so each would have been necessary in any case. The actual expenditure on the aforesaid projects did come up very nearly to the amount of the Supplementary Grant of 30 lakhs, being 27 lakhs. However, savings in the Grant occurred under other projects, resulting in an overall saving of 10.30 crores. The savings would not have been materially less even if only a token Supplementary Grant of 1,000 had been taken instead of 30 lakhs. The savings in the other projects and the reasons therefor are indicated *i.e.* Para 49—Page 25 of the Appropriation Accounts Part I. It may be further added that, out of the savings of 5·29 crores referred to in respect of the D. B. K. Railway Projects, a saving of nearly 2 crores occurred in the Bimlagarh-Kiriburu Project. The reduced expenditure was due, amongst other things, to late finalisation of certain contracts etc. consequent on a review of the construction plan. In fact, as a result of such review, the overall cost of construction of the aforesaid project has come down, and this by itself is a desirable result, even though it meant non-utilisation of some portion of the funds provided in the original budget for 1960-61.

Apart from the above reasons, non-payment of certain amounts (totalling 90 lakhs) to a foreign firm supplying electric locomotives—contrary to expectations that the payment would materialise in the year—also contributed to a saving under this grant under the subhead 'Railway Electrification'. The non-payment was due to the firm failing to comply, before the close of the year (*viz.* before 31.3.61), with the requisite formalities, such as submission of bank guarantee to the Director-General, I.S.D./London.

Grant 16—

The saving, in the actuals, of 32·95 crores, referred to, has to be viewed in relation to the total grant of 297·18 crores obtained from Parliament (inclusive of the supplementary grant of Rs. 33 crores).

The Supplementary grant of 33 crores obtained, based on the Revised Estimates, was intended to cover mainly extra expenditure envisaged under two suspense heads of account—9·78 crores under Stores Suspense and 27·49 crores under Miscellaneous Advances. Allowance was made at this stage for an anticipated reduction of

expenditure of nearly 82 lakhs under Rolling Stock, 30 lakhs under Machinery and Plant, 1·24 crores under structural works and 1·86 crores under 'Manufacture Suspense', to that extent reducing the supplementary demand. But as explained later, there was a greater reduction of expenditure than was allowed for in the anticipation at that stage, though a large portion of the Supplementary Grant was utilised for the purpose for which it was obtained—5·4 crores out of the 9·78 crores under Stores Suspense, and 18·24 crores out of 27·49 crores under 'Miscellaneous advances'. Even the non-utilisation of the balance amount under the suspense head 'Miscellaneous advances' was on account of largely unavoidable circumstances *e.g.* deferment of shipment of certain imported materials, such as, rails and steel beyond March 1961, contrary to expectations at the stage of the Revised Estimates/Supplementary. Some of the shipments actually materialised early in 1961-62 only.

As regards 'Rolling Stock' included in this grant, it will be seen (from the analysis in para 5 *ante*)' that, against the grant of 47,25 lakhs at the stage of the initial budget (the grant is for the 'net', deducting probable savings), at the stage of the Supplementary it was reduced to 46,43 lakhs. This reduction, 82 lakhs in the net and nearly 11 crores in the 'Gross' (*viz.* omitting probable savings), took into account the non-materialisation of the initial anticipations at the budget stage in the matter of procurement of Diesel Locomotives, both indigenous and imported, as well as in the production of electric locomotives at Chittaranjan, besides the shortfall in 'Wagons', consequent on the upset in the Wagon Production Programme owing to lack of the requisite matching steel already referred to. Actually, there was a still greater shortfall in Wagon Production than reckoned in the Revised Estimates, and so there was a further saving under the head 'Wagons'. As against an expectation of 15000 units (in terms of four-wheelers of wagons) at the stage of Revised Estimates, on which the Supplementary Demand was based, the actuals turned out to be only 11373 units, in terms of four-wheelers, due to unanticipated shortfall in steel supply from even indigenous sources during the later part of the year. It may be mentioned in this connection that, during 1960-61, the position in respect of steel supplies was far from satisfactory. The forecasts of steel supply from indigenous sources did not materialise in that only about 44,280 tons were actually supplied, against an anticipation of 74,000 tons even in November-December 1960. The supplies of steel plates from Rourkela being behind schedule, the production of the BOX type wagons suffered considerably. A provision of Rs. 1 crore which had been retained at the Revised Estimate stage, towards likely advance payments to suppliers of Diesel Locomotives to attract more favourable prices was not

utilised as the suppliers did not agree to reduce the prices by availing of the offer of advance payments.

Under the suspense head 'Manufacture Suspense', even though at the stage of the Supplementary Demand, a reduction of nearly 2 crores was envisaged, it turned out to be more in the actuals, owing, *inter-alia*, to less manufacture of stores for stock purposes and less expenditure under 'Repairs & Maintenance' of rolling stock in the workshops which would be reflected under this head also (being debited to this head initially) than foreseen even at the stage of the Supplementary Demand. It may also be mentioned that the reduction on account of stores for stock purposes will also be reflected in the 'Stores Suspense' in the same grant, and this factor would thus affect the total grant under this head. This single factor would, therefore, have the effect of doubling the saving under this grant.

Grant 17—

The saving of 6·04 crores referred to in para 2 *ante* is with reference to a total grant of 101·62 crores obtained from the Parliament (inclusive of the supplementary grant of 9·09 crores). The supplementary grant of 9 crores obtained in this case was mainly to provide for an increased expenditure of nearly 13·7 crores anticipated at that stage under the head 'Track Renewals', offset—as per anticipations at that stage—by a reduction of expenditure under 'Rolling Stock' to the extent of nearly 5 crores. The Supplementary Grant under the head 'Track Renewals' was almost fully utilised—12·5 crores out of 13·7 crores having been actually utilised. The reduction envisaged under 'Rolling Stock'—which took into account the non-materialisation of the initial anticipations at the Budget stage in the matter of procurement of Diesel Locomotives, both indigenous and imported, and in the procurement of coaches from certain indigenous sources,—turned out to be even larger in the actuals, *viz.* nearly 8 crores as against 5 crores referred to above (also para 5). This was because of certain unavoidable factors. A provision of nearly 1·6 crores, which had been retained at the stage of the supplementary grant, towards likely advance payments to suppliers of Diesel Locomotives to attract more favourable prices was not utilised as the suppliers of Diesel Locomotives did not agree to reduce prices by availing of the offer of advance payments. The savings under 'coaches', which happened to be more than anticipated, was the aggregate result of fluctuations in the coach building programme of Railways.

It will be seen from the analysis of expenditure by main heads under this grant (para 52, page 28 of Appropriation Accounts, Part I) that, under the head 'Other Structural Works', in the actuals, the 'probable savings' envisaged in the original budget materialised fully the actual expenditure being 26·40 crores as against the budget grant of 26·35 crores (a 'gross' of 30·77 crores, reduced by 'probable savings' of 4·42 crores).

Grant 18—

The saving of 5·79 crores referred to is with reference to a total grant of 29·10 crores, inclusive of a supplementary grant of 4·10 crores.

The supplementary grant of 4·10 crores was largely to cover the transfer of expenditure booked in earlier years, in respect of Class III and Class IV staff residential quarters forming part of schemes, previously allocated to the same heads of expenditure as the schemes themselves, but now found to be correctly allocable to Development Fund (Grant No. 18). It was unfortunately not appreciated at the same time that such transfers of booked expenditure relating to previous years did not require money provision to cover them, that is, that they did not involve 'financial adjustments', and that a correction of the figures of expenditure and balances in the books was all that was necessary in such cases. The position was correctly appreciated later, and this led to the savings in this supplementary grant which is also briefly referred to in para 55, page 30 of the Appropriation Accounts, 1960-61, Part I.

Summarising, the Ministry of Railways plead that there were special circumstances of a largely unforeseen nature responsible for a substantial portion of the savings; only a relatively small proportion was due to "delay in planning and execution of works" as distinct from delays in execution caused by non-availability of requisite materials due to unavoidable reasons.

This has been seen by Audit.

(K. S. BHANDARI),

Director, Finance, Railway Board.

APPENDIX IV

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(*Para 11 of the Report*)

Explanatory Notes on Excesses over Voted Grants and Charged Appropriations during 1960-61 *shown in Paras* 7 *and* 8 (*pages* 4 *and* 5) *of Audit Report Railways* 1962.

General

In the year 1960-61 there was one solitary case of excess over grants 'voted' by the Parliament, and that too—as explained later—only a technical excess in Grant No. 20—Appropriation to Development Fund, which is not an expenditure grant as such. The aforesaid excess, under one grant only, is the best performance since 1948-49. The maximum number of excesses over voted grants, namely, nine, occurred in 1957-58; since then, as a result of concerted efforts, consistent and progressive improvement has been secured in the subsequent years. Both during the years 1958-59 and 1959-60, this number was three.

As regards expenditure under Charged Appropriations, there were three cases of excess, including one case of a small excess of Rs. 497 under Appropriation No. 2. Excesses occurred in other three cases due to misclassification in which the "Charged" expenditure was erroneously booked as "Voted", and no provision existed for the same under 'Charged' Appropriation. The total amount of excess involved in these three cases is Rs. 21,791. Thus in all there were six cases of excess under Charged Appropriations in 1960-61, against four such cases of excess in 1959-60.

Detailed explanations are given in the following paragraphs, separately for each grant/appropriation. These explanations have reference to the figures shown in para 61 of Appropriation Accounts 1960-61 Pt. I—Review and paras 7 and 8 of the Audit Report, Railways—1962. The statements showing the details of working out the excesses are appended as Annexures A & B.

I. *Excess of Rs. 13,58,90,160 under Grant No. 20—Appropriation to Development Fund*

Although technically this is an excess over the grant, allowance has to be made for the fact that the quantum of the net Railway surplus represents the net effect of the various factors affecting the Budget, precise control over which is not feasible. At the time of presentation of original Budget for 1960-61, a surplus of Rs. 18·43 crores was anticipated for the year, and this was proposed to be appropriated wholly to the Development Fund. The actual appropriation to the Development Fund at the close of the year was, however, Rs. 32·01 crores.

The increase of Rs. 13·58 crores in the amount of surplus, not withstanding a shortfall in gross traffic receipts of Rs. 7·70 crores below budget anticipation, resulted from—

(1) A fortuitous improvement (3·50 crores) in the 'Miscellaneous receipts" on account of the Government contribution in the State Railway Provident Fund Account of the employees who opted for pension during 1960-61, reverting to Government has credit. The last date notified to employees to elect the pensionary form of retirement benefits had expired on 30th September, 1959 and it was not, therefore, envisaged, at the time the Budget for 1960-61 was framed and presented early in 1961, that there would be any further extension of the last date or therefore any further options for Pensions such as would result in credit of this nature. However, as a result of the revision in pay structure, on the basis of the Jaganadha Das Pay Commission's recommendations, a decision was taken, after the budget, to give a fresh opportunity to railway staff to elect to be governed by either the retirement benefits under the State Railway Provident Fund or the Pension Scheme. This was notified to the staff on 17.9.1960 *i.e.* in the course of the year 1960-61. In consequence, additional numbers of staff opted for pension, and the Government contribution in the State Railway Provident Fund of such employees reverted to Government as credit;

(2) Reduction in ordinary working expenses (13·74 crores) due to a variety of reasons such as—

(a) effect of economy measures to a greater extent than could be assessed when framing the budget estimates;

(b) temporary postponement of periodical overhauls in workshops to wagons, with a view to counteract the set back in the production of wagons, resulting from earlier difficulties in the import of matching steel and thus make available as many wagons as possible for traffic requirements and;

(c) unavoidable carry forward, into 1961-62, of some payments on account of refixation of pay of staff in "Authorised Scale" based on Pay Commission's recommendations; the time taken in refixing pay and passing the bills turned out to be somewhat longer than was anticipated when provision was made in the Budget on the basis that all the refixations would be completed and the payments passed in time for inclusion in the year's account of expenditure.

(3) Reduced miscellaneous expenditure (2·63 crores), the largest constituent being less expenditure on works chargeable to open line works—(Revenue) to the extent of 2·50 crores.

(4) Less dividend to the General Revenues than provided in the Budget (1·41 crores), made up chiefly of lower quantum of dividend resulting from lesser capital outlay in the year than provided for and reduced payment to General Revenues—limited to the average borrowing rate of the Government of India, instead of at the full 4% rate of dividend, on the element which was revised in 1960-61—after the Budget—as being the element of over capitalisation in the Railways Capital structure. Even though this decision providing for a lower rate of payment to the General Exchequer on the element of overcapitalisation was based on the recommendations of the Railway Convention Committee 1954, the amount of overcapitalisation had been taken at that time at provisional rough figure of Rs. 100 crores only. The working out of the amount of overcapitalisation as Rs. 121 crores was unavoidably delayed owing to the elaborate task of taking figures going back to 100 years of the system of Railways in India in some cases and was not finalised till after the Budget for 1960-61.

II. *Excess of Rs. 497 under 'Charged' Appropriation No. 2—Miscellaneous Expenditure*

This excess of Rs. 497 occurred under 'Surveys', for which provision of Rs. 2,000 was made through Supplementary appropriation, to cover payment arising out of a judgement given by the court in connection with expenditure pertaining to 'Final Location Survey' between Tughlakabad and Ghaziabad and sitting of the Second rail-*cum*-road Bridge across the river Jamuna. This was due to rounding off, the actual expenditure being Rs. 2,497 against the provision of Rs. 2,000.

III. *Excess of Rs. 1,69,525 under 'Charged' Appropriation No. 15—Construction of New Lines*

The excess under this Appropriation was due to more debits passed on by the Civil authorities, on account of compensation due on land acquisition cases decreed by the court, than originally advised by them. Against the provision of 3·14 lakhs made through the Supplementary Appropriation, on the basis of the information contained in the Revised Estimates received from the Railway, the actual debit raised by the Civil department amounted to Rs. 4·84 lakhs. The State Revenue authorities advised the Southern Railway of the Additional requirement of Rs. 1,60,000 only on 9.2.1961, and the Railway Board received advice of the additional requirement from the Southern Railway on 8.2.1961 by which time the Supplementary Demand for the year had already been presented to Parliament (on 15.2.1961).

IV. *Excess of Rs. 28,570 under 'Charged' Appropriation No. 18—Open Line Works—Development Fund*

The payment of Rs. 29 thousands on account of decretal amount for the work "Providing pitched bund on cutting of Kalka and Chandigarh Yards" was made during May, 1960; but necessary provision in this respect was omitted to be made in the Final Estimates through oversight.

V. *Excess* of:—

(i) Rs. 14,257 under 'Charged' Appropriation No. 5—Revenue Working Expenses—Repairs and Maintenance.

(ii) Rs. 6,146 under 'Charged' Appropriation No. 13—Open Line Works—Revenue Labour Welfare; and.

(iii) Rs. 1388 under 'Charged' Appropriation No. 14—Open Line Works—Revenue—Other than Labour Welfare.

Bills covering the above payments which were made in satisfaction of court decrees, were erroneously booked under "voted" expenditure, instead of as "Charged", as the bills gave no detailed reference to the payments being in pursuance of court decrees. This misclassification in the booking of a relatively small amount of expenditure under 'voted' instead of 'charged' did not cause any excess in the booked accounts of 'voted' expenditure such as to attract attention as the total provision under Voted Grants 5, 13 and 14 was sufficiently large. The misclassification therefore, remained undetected till after the close of accounts for the year at which stage the mistake could neither be set right nor any provision of funds made therefor. The imperative need for observance of statutory provisions regarding correct treatment of "voted" and "charged" expenditure has already been impressed on all concerned with a view to avoiding the recurrence of such cases. Copy of Railway Board's letter No. 32-App/50-60 dated 17.6.1961 is attached in this connection.

This has been seen by Audit.

(H. K. BHALLA),
Director, Finance,
Railway Board.

ANNEXURE A

Statement showing Excesses over Voted Grants as shown in para 7 of the Railway Audit Report, 1962 as well as excesses worked out after taking into account items of misclassifications.

(Figures in units of rupees)

S. No.	No. and name of Grant	Original Grant	Supplementary Grant	Final Grant	Expenditure	Excess	Real excess after taking into account misclassifications.	%age of excess (Col. 6 to Col. 4)	%age of real excess (Col. 7 to Col. 4)
	1	2	3	4	5	6	7	8	9
1.	20-Appropiration to Development Fund.	18,42,52,000	..	18,42,52,000	32,01,42,160	13,58,90,160	13,58,90,160	73·7	73·7

ANNEXURE B

Statement showing Excess over Charged Appropriation as shown in Paras 7 & 8 of the Railways Audit Report, 1962 as well as excesses after taking into account items of misclassifications

(Figures in units of Rupees)

S. No.	No. and name of the Appropriation	Original Appn.	Supplementary Appn.	Final Appn.	Expenditure	Excess	Real excess after taking into account misclassifications
	1	2	3	4	5	6	7
1	2-Miscellaneous Expenditure .	3,00,000	2,000	3,02,000	3,02,497	497	497
2	5-Revenue-Working Expenses-Repairs and Maintenance . . .	..	..	..	..	..	14,257
3	13-Open Line Works-Revenue-Labour Welfare	..	..	..	..	..	6,146
4	14-Open Line Works-Revenue-Other than Labour Welfare .	..	..	..	..	..	1,388

1	2	3	4	5	6	7
5 15-Construction of New Lines .	3,14,000	..	3,14,000	4,38,525	1,69,525	1,69,525
6 18-Open Line Works-Development Fund . .	..	..	..	28,570	28,570	28,570

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. 32-App/59-60 New Delhi, dated 17-6-61

To

The General Managers,
All Indian Railways and C.L.W.

The C.A.O.,
I.C.F., Perambur.

The General Manager & C.E.,
Railway Electrification,
Calcutta.

The E. N. C., Loco Component Works,
Varanasi.

SUBJECT:—*Appropriation Accounts for* 1959-60—*Excess expenditure over 'charged' Appropriation.*

Reference is invited to the Board's letter No. 59-B(C)-PAC/II/XXI/7 dated 12th February 1960 on the above subject. The Board observe that inspite of the instructions contained therein, there have been a few instances of excess expenditure over charged Appropriations during the year 1959-60 due to the expenditure having been classified as 'voted' in the first instance and subsequently re-adjusted as 'charged' when it was too late to make the requisite provision therefor under the relevant charged Appropriations. The Board desire that the imperative need for rigid observance of the statutory provisions should be impressed upon all concerned with a view to avoiding recurrence of such errors.

(Sd.) K. S. HARAVU,

Dy. Director, Finance (A),
Railway Board.

1844 (Aii) L.S.—13.

No. 32-App/59-60 New Delhi, dated 17-6-61

Copy together with a copy of the Board's letter referred to above to the General Manager & Chief Engineer, D.B.K. Project, Waltair for information.

(Sd.) K. S. HARAVU,

DA|Nil *Dy. Director, Finance (A)*
Railway Board.

APPENDIX V

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Para 14 of the Report)

MEMORANDUM

Item No. 2 of the list of points received with Lok Sabha Secretariat Office Memorandum No. 2/IX/(2)/62/PAC dated 31st July, 1962.

2. Investments in Private Companies and State Corporation—Para 9(a)

A note regarding conversion of Government of India loans into preference capital and also statement showing steps taken by the Railway Board to recover the Dividends from the State Board Transport authorities and the latest position of outstandings.

The Government of India, Ministry of Transport and Communications agreed to the proposal of the Government of Bombay for conversion of loans amounting to Rs. 288·34 lakhs granted to the Bombay State Road Transport Corporation into fully paid up redeemable preference capital. The conversion was subject to the following conditions *vide* their letter No. 32T-(29)/56 dated 25th March, 1958 read with their subsequent letter No. 32-T(72)/60 dated 12th July, 1961:—

(i) The preference capital shall bear interest at 4½ per cent per annum and shall be redeemed in the same period as the loans were repayable according to the terms originally sanctioned.

(ii) The conversion of the loans into preference capital shall have retrospective effect from the dates each loan was drawn or deemed to have been drawn.

(iii) The ownership of 1/3 of the preference capital (*viz.* Rs. 96·11 lakhs) shall vest in the Government of India, Ministry of Railways.

(iv) The liability of the Government of Bombay towards repayment of the Principal and Interest on the loans referred to above shall be reduced by 1/3 of the amount of each loan.

2. The Railway Board issued instructions to the Western Railway, Bombay, to afford credit of Rs. 72·92 lakhs to Accountant General, Central Revenues (A.G.C.R.) by debit to the appropriate head of account. This amount of Rs. 72·92 lakhs was arrived at by deducting Rs. 23:19 lakhs from Rs. 96:11 lakhs (1/3 preference Capital) on account of payments already made by the Railway during the year 1955-56 to 1957-58.

3. A conversion of further loan of Rs. 1,01,62,762·19 nP into preference capital was approved by the Ministry of Transport & Communications vide their letter No. 32-T(51)/ 57 dated July, 1958 on the same terms and conditions on which the loans referred to in para 1 above were converted. The Board sanctioned 1/3 of this preference capital to be borne by the Railway and accordingly ordered that a sum of Rs. 33:8 lakhs should be credited to the A.G.C.R. The amount actually credited to the A.G.C.R. in March, 1958 was 28·44 lakhs after deducting payment of Rs. 5·44 lakhs already made to the Corporation towards this loan by the Railway during the year 1956-57 and 1957-58 (33·88 lakhs—5·44 lakhs—28·44 lakhs).

It may however be mentioned that the Maharashtra State Government has not yet accorded their formal approvel to the conversion of the loan into preference capital.

4. The total investments made by the Railway upto 31st March, 1961 and date of payment or month of adjustment are as follows:—

(a) Rs. 13·98 lakhs (Rs. 3·77 lakhs paid on 16th March, 1956 and Rs. 10·21 lakhs paid on 10th January, 1957).

(b) Rs. 9·21 lakhs (paid on 24th March, 1958).

(c) Rs. 5·44 lakhs (2·66 lakhs paid on 10th January 1957 and Rs. 2·78 lakhs paid on 24th March, 1958).

(d) Rs. 72·92 lakhs adjusted in account for March, 1958.

(e) Rs. 28·44 lakhs adjusted in account for March, 1958.

5. (a) The interest on these investments due from the various dates on which the different loans were drawn or deemed to have been drawn upto 31st March, 1961 works out to Rs. 20,75,402:12 nP.

(b) The amounts due by way of redemption of preference capital as on 31st March, 1961 works out to Rs. 65,74,393.93 nP in respect of above loans.

6. The above dues are payable by the following parties:—

	(in lakhs)		
	Principal	Interest	Total
A.G.C.R.	51·15	15·34	66·49
Maharashtra and Gujarat State Road Transport Corporations	7·62	3·65	11·27
Mysore & Rajasthan Govts.	6·97	1·77	8·74
TOTAL . . .	65·74	20·76	86·50

Noted—The amounts due from Maharashtra and Gujarat State Road Transport Corporations as well as from Mysore and Rajasthan States have been shown together. The split-up of these amounts statewise is being worked out by Western Railway in consultation with Maharashtra State Road Transport Corporation.

7. As regards action taken to recover the above amounts, the position is as follows:—

(a) *A.G.C.R.* The general Manager, Western Railway has asked the A.G.C.R. to afford credit of Rs. 66·49 lakhs (*vide* his letter No. C431/10 Vol. III(2) dated 11th July, 1962 as modified in his letter of even No. dated 17th August 1062. The Sr. Dy. A.G.C.R. has also been requested to afford credit to Western Railway at an early date.

(b) The Government of Mysore has not yet accepted the liabilities transferred by the Bombay State Road Transport Corporation for the reason that Accountant General Maharashtra has not yet allocated the Canadian Aid Liabilities to that State and the Accountant General, Maharashtra in turn is awaiting orders from the State Government to that effect. The Accountant General, Mysore, called for information from the Accountant General, Maharashtra and sent copy thereof to the Western Railway *vide* letter No. Book-I/XX-6/62-63/160 dated May, 1962.

(c) Similarly the payment is outstanding against Rajasthan Government as allocation of assets and liabilities between the Maharashtra and this State has not yet been finalised. The Secretary, Rajasthan Government was last reminded in Western Railway's letter No. C.431/21 dated 23rd May, 1962 for expediting payment due to the Railway.

(d) The Secretary, to the Maharashtra Government had replied to the Western Railway regarding payment of interest that the final replies from Gujarat and Mysore Governments have not been received in the matter *vide* letter No. STC2961/11701-XI dated 29th May, 1962.

8. The figures mentioned above are under verification by Audit.

This has been seen by Audit.

K. S. BHANDARI,
Director, Finance,
Railway Board.

APPENDIX VI

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Para 18 of the Report)

MEMORANDUM

REF.: Item No. 3 of the list of points received with Lok Sabha Sectt. Office Memorandum No. 2/IX(2)/62/PAC dated 31-7-1962.

---

3. *Suspense balances—para* 10.

"Break-down of the items in suspense balances mentioned in para 10 of Audit Report, which could lead to financial losses".

Most of the balances under the suspense heads in question are outstanding for want of adequate particulars, correct allocations and acceptance of parties. In the absence of adequate particulars—either due to want of relevant vouchers or due to absence of sufficiently clear information in the vouchers—the linking of the debits/credits with the contra credits/debits outstanding under the same head has not been readily possible, thus explaining the separate debit and credit balances.

2. The Public Accounts Committee have asked for an analysis particularly of such items as could lead to financial losses from out of the suspense balances referred to in para 10 of Audit Report, Railways, 1962. A statement is accordingly enclosed, showing the latest position of the larger items of this nature. It will be seen from this statement that the Railway Administrations generally expect to clear these items without incurrence of financial loss.

3. Instructions had been issued to the Railway Administrations, in Additional Member, Finance, Railway Board's D.O. letter No. 61ACIII/31/1 dated 13th February, 1962, to launch a special drive for the clearance of outstanding suspense balances relating to the period up to 1956-57. The position is also specially watched by the Inspecting party of Railway Board's Accounts Section who conduct inspec-

tion of Railway Accounts Offices. It is hoped that the improvement in the position of suspense balances will be visible in the future half yearly reports of outstanding suspense balances which Railways submit to the Railway Board.

4. The figures and adjustments relating to Western Railway have been verified by Audit, and those relating to Central, Southern, South Eastern and Eastern Railways are under verification.

5. This has been seen by Audit.

DA: As above. Director of Finance, Railway Board.

Reference to para in Audit Report, 1962	Balance outstanding shown in other report	Clearance made so far	Remarks
1	2	3	4
10-A Western Railway	Rs. 3.60 lakhs Cr. and Rs. 3.46 lakhs Dr. (Outstanding under Suspense head 'Purchases—Loco Coal,)	NIL	The cost of coal wagons paid to the collieries is debited to 'purchases', which is cleared by corresponding credit to this head on receipt of coal. Sometimes, through clerical error or dim impression of carbon paper, the reference to the number of the particular coal wagons quoted in the vouchers is incorrect or is read incorrectly. Likewise when impression on labels attached to wagons are defaced due to rains and when transhipment of coal becomes unavoidable due to a wagon being damaged en route etc., the linking with the new wagons is not readily possible. Due to these inherent difficulties and hinderances in rail transport, it sometimes becomes extremely difficult to connect wagon supplies with corresponding payments, with the result that payments made for such coal wagons, booked as debit in 'Purchases', remain unlinked with the corresponding credits in the Purchase Registers representing the value of supplies received in these

1	2	3	4
			wagons. In the particular balances, there is unlinked credit balance of Rs. 360 thousands and unlinked debit balance of Rs. 346 thousands. There being net credit balance of Rs. 14,000, it is extremely unlikely that there will be any financial loss and that, if anything, the railway in the aggregate has received more supplies than it has paid for—an appreciation accepted by the Chief Auditor, Western Railway. Audit and the Ministry of Finance have agreed to the net credit balance of Rs. 14,000 being adjusted to the head 'Misc. Govt. Account'. This covers the transactions over a period of 19 months prior to the implementation of the revised fuel accounting procedure introduced in terms of Railway Board's letter No. 53ACS-Insp/10 dated 23-10-1953.
10(b)(i) Central Rly. .	Rs .26·75 lakhs representing difference between Priced Ledger and General Books.	Rs. 25 .72 lakhs	In addition to the clearance of Rs. 25 .07 lakhs in the manner indicated in the Audit Para, further clearance of Rs. 0 .65 lakhs has since been made. The clearance of the remaining difference of Rs. 1 .03 lakhs is held up due to non-availability of relevant vouchers and other particulars. It is proposed to adjust the difference to Stock Adjustment Account in accordance with the accepted standard procedure vide note under para 2632 of the Indian Railway Stores Code (extract enclosed).
10-B(ii) Southern Rly.	Rs. 31 .75 lakhs difference in Priced Ledgers and General Books.	Rs. 26·84 lakhs	The sum of Rs. 14 .40 lakhs relating to the period prior to 31-3-57 has been cleared in full by adjustment of Rs. 7 .83 lakhs against stock adjustment account and Rs. 6 .57 lakhs by linked debits with corresponding credits. The balance of Rs. 12 .21 lakhs

			referred to in the Audit Para has not been actually set off against the debit balance of Rs. 27.72 lakhs under 'Stores-in-Transit' as originally proposed. Separate action for the clearance of debit balance of Rs. 27.72 lakhs under 'Store-in-Transit' is being taken in the accounts for 1962-63. Out of the balance of Rs. 17.35 lakhs relating to the period after 31-3-57, a sum of Rs. 12.44 lakhs has since been cleared, the balance of Rs. 4.91 lakhs is being investigated for early clearance.
			In these cases, the balances as per the Priced Ledgers being more than those of the General Books there seems to be no room for any apprehension of this adjustment cloaking any losses or frauds that may lead to financial loss.
10-B(iii) S.E. Rly	Rs. 17.35 lakhs (Difference between the Priced Ledgers for Engineering Stores & General Books.)	Rs. 17.35 lakhs.	The net difference of Rs. 17.35 lakhs is the cumulative effect of the transactions over a period of 8 years upto March, 1958, and constitutes a very small proportion of the total value thereof. It has been adjusted provisionally to stock adjustment account. The manner in which the amount will be finally cleared from the stock adjustment account is still under consideration. The quantity balances in the Priced Ledgers as on 1-4-57 were revalued at the current market rate or last purchase rate where available according to Board's letter No. 55A/cs. Insp/38 dated 9-10-57 (copy attached) and difference amounting to Rs. 17,39,410.44 nP. was credited to stock adjustment account. At the same time a debit of Rs. 17,35,159.66 nP is also outstanding

1	2	3	4
			under stock adjustment account on account of difference between Priced Ledgers and General Books. There is thus net credit of Rs. 4250.78 nP. under stock adjustment account, and there is no question of financial loss.
10-C Eastern Railway.	Rs. 6.51 lakhs credit Rs. 4.30 lakhs debit under 'Deposits Misc.'	Rs. 6.51 lakhs credit Rs. 4.30 lakhs debit.	Clearance of Rs. 0.04 lakhs credit and Rs. 0.69 lakhs debit has been made by linking the items. The remaining net credit balance of Rs. 2.86 lakhs has been adjusted against the head 'Misc. Govt. Account'. There being credit balance in deposit Misc., the question of loss ultimately will not arise.

Copy of para 2632 of the Indian Railway Code for the Stores Department.

2632. If the difference is heavy, it should be investigated, the following points being borne in mind:—

(a) That the listing is correct and that its total is correct.

(b) That the page totals of receipts and issues under each Priced Ledger have correctly been struck and that the closing balance as struck agrees with the difference between the opening balance plus receipts and minus issues.

(c) That all adjustments pertaining to a date previous to the last date of the half-year but carried out after the half-year have been taken into account.

(d) That postings relating to the half-year but actually posted in the following half-year have been taken into account.

Note: "Differences which cannot be traced in spite of all efforts may be allowed to be adjusted against the Stock Adjustment Account under the procedure laid down in paragraph 2634-S, provided that further expenditure on staff for the settlement of the discrepancy will be disproportionate to the amount involved. Such adjustments against the Stock Adjustment Account should be currently reported to the General Manager as provided for in the Note under paragraph 2742-S".

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. 55-Acs. Insp./38.

New Delhi, dated 9th October, 1957.

To

The F.A. & C.A.O.,
South Eastern Railway,
Garden Reach,
Calcutta.

SUB.: *Inspection of the Accounts Offices, South Eastern Railway, Calcutta.*

Please refer to your letter No. S/L/70-Pt. II/8692 dated 21/24th December, 1956 on the subject indicated above. The Board agree that the materials on hand on 1st April, 1957 may be re-evaluated at the current market rates (or the last purchase rates where available) for first class material and at suitable rates to be fixed by the Chief Engineer for second hand materials. They also desire that future transactions may be regulated on the rates at which receipts and issues are priced under the normal rates and it may be ensured that the procedure of accountal is such that a confusion of this nature does not recur. The Board wish to emphasise the importance of the fact that future accountal is proper, accurate and well authenticated and that any arrangement necessary in this regard so far as any changes in the extant procedure in the executive and accounts offices are concerned, should be implemented immediately.

2. The actual increase in balance as a result of this revaluation may please be advised to enable the Board to examine your proposal whether the same may be set off against the irregular balance of Rs. 30 lakhs. With regard, however, to the unlinked debit items appearing under 'Purchases', the position has to be very carefully examined in detail with a view to ensure that stores for which payments have been made, have actually been received by the Railway.

For this purpose the break up of the unlinked debit items in the different slabs say over 10,000 between 5,000 and 10,000, between 1,000 and 5,000 and below 1,000 each may please be worked out and furnished to the Board to enable them to decide the extent of test check that may be exercised to ensure that there has been no loss of stores. It may also please be stated whether there would be any difficulty in making this review limited to items above the monetary limits to be fixed.

3. Responsibility for lapses, if any, in the executive office for incomplete and in-accurate returns should also be fixed. A report on the question of fixing responsibility in the accounts office referred to in your letter, is awaited and may also please be expedited.

4. This disposes of Shri Mathur's D.O. letter No. S/8543 dated 2/3rd September, 1957.

DA: Nil.

Sd/- K. S. A. PADMANABHAN,
Joint Director, Finance (Accounts),
Railway Board.

APPENDIX VII

MINISTRY OF RAILWAYS

(Railway Board)

(Para 21 of the Report)

MEMORANDUM

Item No. 4 of the List of Points received with the Lok Sabha Secretariat O.M. No. 2|IX|(2)|62|PAC dated 31st July, 1962.

---

4. *North-east Frontier Railway—Delay in fixing the rate for handling work—Para* 12.

"A note showing the expenditure incurred on casual labour and number of wagons handled at Gitaldah Station from 2nd May to 12th July, 1955 and how it compared with the rate of Rs. 2/4/- per wagon paid to the Station Master during the subsequent period. The quantum of check exercised by the custom authorities involving unloading and reloading of wagons may be indicated."

I. Traffic meant for interchange between India and East Pakistan started moving into Gitaldah Station with effect from 2nd May, 1955. In the initial stages of work, the customs check of such wagons during the period from 2nd May, 1955 to 11th July, 1955 was done by engaging casual labour who were paid at a rate of Rs. 1/10/- per head per day. The number of wagons that were subject to check during this period were 5044, and the payment made to the casual labour at the rate referred to was Rs. 5903/6/-, which works out to an average of Rs. 1·17 nP per wagon.

II. It may incidentally be mentioned that, in comparing this average rate under the system of casual labour with the rate of Rs. 2/4/- per wagon paid to the Station Master during the subsequent period, the following factors have to be taken into consideration:—

The rate of Re. 1/10/- per casual labour per day initially fixed for this short term period was on the low side, and it had been recorded by the Regional Transportation Superintendent (who made the initial arrangements) that the rate for the labour might have to be raised later. It may be stated that the rate for casual labour, at the adjoining

station, Dinhatah was Rs. 2|8|- to 3|-|- per head per day. In any case, it may not be easy to judge the reasonableness of the rate per wagon in a labour contract by comparison with a figure derived from the average of the daily labour rate of casual labour supplied over a limited period, as the two systems are not precisely comparable.

III. As regards the quantum of check exercised by the customs authorities involving unloading and reloading of wagons, it may be stated that the quantum of check exercised (by the customs officials) necssarily varies, as it is usually left to the discretion of the local customs authorities to check all the packages of a wagon or only a percentage thereof, as they may deem appropriate. No detailed records of the quantum of check actually exercised in respect of the several wagons checked by customs are available, either for the period the casual labour were engaged or subsequently. It was, however, recorded by the Regional Traffic Superintendent that on 2 May, 1955 about 20 per cent of the contents of the train received from Pakistan (which contained nearly 4500 maunds of traffic) was unloaded and reloaded. At the time of the joint check (in January, 1957) by the Senior Scale Officers who fixed the revised rates for payment for handling,— they described the customs checks in vouge at the time in the following terms:—

"*Coal*:

Four coolies enter the wagon with sharp arrow headed iron rod and shovels and two coolies remain on the ground for loading the fallen coal. The iron rods are poked into the coal in the wagon under the instructions of Custom officials, to find out if there are other commodities deliberately loaded underneath the coal to escape custom charges and import regulations. The poking of rod is done at 5 to 10 places in a wagon. Thereafter the fallen coal is loaded in the wagon.

Cement, rice, salt, flour.

Two per cent to four cent of these bags are unloaded and carried from the wagons in the Yard to the Weighing Machine at the Station for weighment with a view to enable the Customs officials to strike the average weight per wagon. To facilitate counting of bags in a wagon about 50 bags are unloaded and reloaded. There are 340 cement bags in one wagon. The counting is done first by the Railway coolies and thereafter the same is checked by the Customs officials."

This has been seen by Audit.

(K. S. BHANDARI)

Director, Finance, Railway Board.

APPENDIX VIII

MINISTRY OF RAILWAYS

(Railway Board)

(Para 24 of the Report)

MEMORANDUM

List of points arising out of Appropriation Accounts (Railways) 1960-61 furnished with Lok Sabha Secretariat O.M. No. 2/IX/(2)/62/PAC, dated 31-7-1962

ITEM No. 5—Northern Railway—Loss due to incorrect evaluation of tenders for a goods handling contract—Para 13.

"A note regarding fixation of responsibility for failure to examine the tender documents properly and the action taken against the various officials."

In regard to tranship sheds, the practice on the Northern Railway, upto 1959, was for the quantum of work of gauges other than B.G. to be converted in terms of B.G. wagons and payments thereof regulated on the basis of rates per B.G. wagon. Accordingly, in the tender documents, the quantum of transhipment work was being shown only in terms of B.G. wagons and not separately for B.G. and M.G. However, with the rationalisation of the tender schedule in 1959, the quantum of work in respect of B.G., M.G., and N.G. was to be indicated separately, so that rates were obtained against each item of work. A copy each of the relevant contract schedules before and after 1959 is attached. Item 14 of the Schedule in force prior to 1959 and item 7 of the Schedule in force after 1959 are the items relevant in this case.

2. In the case referred to, before the tender notice was issued, the Divisional Office should have furnished the quantities, for incorporation in the tender papers, with reference to which the rates were to be quoted by the tenderers. The quantum of work indicated in such tender documents is usually obtained from the particulars of the handling done during the previous 12 months. In the case under reference, however, there was failure in exhibiting these quantities correctly,

as the quantities of meter gauge to broad gauge traffic were not shown separately, in the tender papers. Apparently, in this tender which was the first one issued after the revision, in May 1959, of the Schedule, it was overlooked that the previous handling bills gave the quantum of work in terms of B.G. wagons *only*, and this would have to be split up in accordance with the new schedule. This mistake, which crept into the tender documents, equally applied to all the tenderers, as all the tenderers were given the same form.

The dealing clerk of the Commercial Branch in the Divisional office, who was primarily and directly responsible for this omission, has been punished by withholding his increments for two years, with cumulative effect. The error also escaped the attention of the head clerk of the Commercial Branch who scrutinised the tender papers. His increment has been withheld for one year with cumulative effect. The officers on the Tender Committee could not normally have noticed any such mistake in the tender Schedules as put up by the office.

A question may be raised that the rate of Rs. 75/- per M. G. wagon against the rate of Rs. 6·75 for B. G. wagon quoted by the successful tenderer should have been treated, *prima facie*, as an abnormal feature and should have attracted the attention of the Tender Committee. It may be explained that quotation of high rates against certain items is not uncommon in tenders and similar abnormally 'high' rates had also been quoted by other tenderers for items of work where the quantities of work were either nil or nominal. It was difficult, therefore, for the Tender Committee to have attached any special significance to the quotation of the rate of Rs. 75/- for an M. G. wagon.

Incidentally, it may be mentioned that efforts are being made to recover the excess payment in this case from the contractors.

This has been seen by Audit.

K. S. BHANDARI,
Director, Finance,
Railway Board.

OLD SCHEDULE

Schedule of Rates for handling goods at Lucknow Goods and Transhipment sheds as accepted and In-Force from 1-8-57.

Sl. No.	Items	Rates without passes	
		In figures	In words
1	Loading of general goods including weighing or re-weighing, sorting, stacking or stowing etc.	Per 1000 Mds.	
2	Un-loading of general goods including weighing or re-weighing (also including re-weighing for 10% check for the purpose of raising under charges daily) sorting, stacking, stowing, refilling and stitching of burst bags, transfering of goods from inward shed to outward shed in case of re-booking and adjusting, setting and stacking of packages in Inward shed for taking ground outstanding.	Per 1000 Mds.	
3	Loading of goods in bulk for example coal, coke, sand, bricks, logs, surkhi, lime, loose, other minerals.	Per 4 wheeled BG wagon.	
4	Un-loading of goods in bulk for example, coal-coke, sand, bricks, logs, surkhi, lime loose, other minerals.	Per 4 wheeled BG wagon.	
5	Loading of public goods requiring use of crane, but done entirely by man-power in absence of any crane.	Per 1000 Mds.	
6	Un-loading of public goods, requiring use of crane but done entirely by man-power in absence of any crane.	Per 1000 Mds.	
7	Loading of hides, skins, bones & offensive goods.	Per 1000 Mds.	
8	Un-loading of hides, skins, bones and offensive goods.	Per 1000 Mds.	
9	Loading of 'L' condition goods other than those as per item 3 to 8.	Per 1000 Mds.	
10	Un-loading of 'L' condition goods other than those as per items 3 to 8	Per 1000 Mds.	

No. Sl.	Items	Rates without passes	
		In figures	In words
11	Repacking of road vans comprising of unloading, sorting, stacking, re-loading and re-stacking and also checking before final despatch when necessary. Wagons received without weight particulars will be charged on average weight of 100 Mds. each subject to readjustment on receipt of advices.	Per 1000 Mds.	
12	Loading or unloading of unconnected wagons.	Per 4 wheeled BG wagon.	
13	Transhipment at break of gauge point of all through general Goods including hand pressed and machine pressed jute bales and wool, machine pressed piece goods, bales of gunny bags weighing 5 Mds. or over but excepting those specially mentioned in item 14 (applicable to both direct transhipment from wagon to wagon and transhipment by double operation *i.e.* un-loading, dumping and subsequent re-loading due to empties not being available in the first instance but the wagons under load have to be released or due to any other local conditions).	per 1000 Mds.	
14	Transhipment at break of gauge point of coal, lime or other minerals, rails, girders, machinery or other goods in bulk, *viz.*, timber firewood, Rly. materials, iron pipes, rods, kirby, kurries, empty casks & drums, house-hold effects, agricultural implements, sleepers, bamboos, bhoosa, tinned plates, G.I. sheets, iron bars, angle iron, sugar cane, empty tins, cotton loose, leaves & barks of all kinds (applicable to both direct transhipment from wagon to wagon and by double operation *i.e.* unloading dumping and subsequent reloading due to empties not being available in the first instance but wagons under-load have to be released or due to any other local conditions).	Per 4 wheeled B.G. wagon.	
15	Transhipment of all general goods from damaged wagons excepting those mendioned in item 16 direct from wagon to wagon or by double operation.	Per 4 wheeled B.G. wagon.	

Sl. No.	Items	Rates without passes	
		In figures	In words
16	Transhipment of coal, minerals, and heavy and bulky goods from damaged wagons as per list of heavy and bulky goods given under item 14 above direct from wagon to wagon or by double operation.	Per 4 wheeled B.G. wagon.	
17	Transhipment of all general goods from damaged wagons excepting those mentioned in item 16 direct from wagon to wagon or by double operation.	Per 4 wheeled M.G. wagon.	
18	Transhipment of coal, minerals & heavy and bulky goods from damaged wagons as per list of heavy and bulky goods given under item 14 above direct from wagon to wagon or by double operation.	Per 4 wheeled M. G. wagon.	
19	Transhipment of consignment requiring use of crane but done entirely by man-power in absence of any crane.	Per 1000 Mds.	
20	Transhipment of traffic from a BG tank wagon to MG tank wagon and *vice versa*.	Per 4 wheeled BG wagon.	
21	Transhipment of Traffic from damaged tank wagon (BG to BG).	Per 4 wheeled BG wagon.	
22	Transhipment at break of gauge, points of bones, hides, skins, rags or other offensive goods applicable to both direct transhipment from wagon to wagon and transhipment by double operation *i.e.*, unloading, dumping and subsequent reloading due to empties not being available in the first instance but wagons underload have to be released or due to any orher local conditions.	Per 1000 Mds.	
23	Transhipment from damaged wagon of bones, hides, skin, rags or other offensive goods (applicable to both direct transhipment from wagon to wagon and transhipment by double operation).	Per 4 wheeled BG wagon.	

Sl. No.	Item	Rates without passes	
		In figures	In words
24	Transhipment from damaged wagons of bones, hides, skins, rags or other offensive goods (applicable to both direct transhipment from wagon to wagon and transhipment by double operations).	Per 4 wheeled M.G. wagon.	
25	Transhipment of Bankas Grass in bales, bundles or loose.	Per 1000 Mds.	
26	Adjustment of wagons containing goods and other consignments (except those shown in item 29) including closing of man-hole doors.	Per 4 wheeled BG wagon.	
27	Checking contents of seal broken or seal defective wagons including resealing of those wagons.	Per 4 wheeled BG wagon.	
28	Checking contents of seal broken or seal defective wagons including resealing of those wagons.	Per 4 wheeled MG wagon.	
29	Adjustment of wagons containing rails, girders, machinery of heavy nature including closing of manhole doors.	Per 4 wheeled BG wagon.	
30	Supply of labour on "Man hour" basis for work not detailed in this schedule (this will also apply where handling or transhipment is done by crane but the contractor's labour is utilized for fixing ropes and chains for any other incidental work in that connection and marking of inward consignments).	Per Man-hour.	

NOTE :—(1) The services for different items of handling including various operations connected therewith, such as putting of breast bars, tying with ropes, covering with tarpaulins, and also opening and closing wagon doors, cleaning of wagons before loading or after unloading, handling of appliances and fittings in connection with loading, unloading and transhipment operations and re-filling at stitching of burst bags in cases of loading and unloading and necessary hand shunting and dunnage without any extra payment.

(2) If and when the Railway Administration order handling during night, the contractor would be paid 25% over and above the normal rates provided herein.

NEW SCHEDULE

Schedule of rates for handling goods at Shahganj goods and transhipment sheds as accepted from 1-2-61

Sl. No.	Description of work	Unit of rate	Rates without passes	
			In figures	In words
1	2	3	4	5
1	Loading or unloading of Genl. goods (other than special goods mentioned in item 2 below.	Per 50,000 K.G.		
2	Loading or unloading of spl. goods as under:—			
	(*i*) Goods loose or in bulk as defined in rule No. 54 of Goods Tariff (IRCA) No. 29 *e.g.*, Stone Coal, coke, sand, bricks, Kankar, Surkhi, lime stone, gypsum, ballast, manganese ore, wooden 'Karies' ballies, bhusa, Karbi grass (unbagged), Bamboos, bark and sugar-cane.	In wagon loads per 4 wheeled wagon. BG MG		
	(*ii*) Hides, skins, bones & offensive goods as defined in rule 50 of IRCA Goods Tariff No. 29.	*In smalls* Per 50,000 KG.		
	(*iii*) Iron sheets and plates bars, rods, girders, pipes, angle-iron of all sizes and iron scrap.	Per 50,000 KG.		
3	Loading or unloading of goods requiring the use of crane but done entirely by man-power in absence of crane.	Per 50,000 KG		
4	Repacking of road vans into vans of the same gauge comprising of unloading, sorting, stacking, dumping, reloading & restacking and also stacking before final despatch when necessary.	*Per 4 wheeled* Van. B.G. MG		
5	Loading or unloading of unconnected wagons.	*Per 4 wheeled wagon* BG MG		

1	2	3	4	5
6	Transhipment of general goods (other than the spl. goods mentioned in tiem 7 below due to break of gauge).	Per 50,000 KG.		
7	Transhipment of special goods as under at break of gauge points :—			
	(*i*) Goods loose or in bulk as defined in rule No. 54 of goods Tariff (IRCA) No. 29 *e.g.*, stone, coal, coke, sand, bricks, kankar, Surkhi, limestone, gypsum, ballast, manganese ore, wooden 'Karies' ballies, bhusa, Karbi grass (unbagged) bamboos bark and sugar-cane.	*In wagon loads* per 4 wheeled wagon. BG		
	(*ii*) Hides, skins, bones, and offensive goods as defined in rule 50 of IRCA Goods Tariff No. 29.	*In smalls* per 50,000 KG.		
	(*iii*) Iron sheets and plates bars, rods, girders, pipes, angle-iron of all sizes & iron scrap.	Per 50,000 KG.		
8	Transhipment from damaged wagons into fit wagons of the under mentioned goods :—			
	(*i*) General goods (other than special goods mentioned below).	Per 50,000 KG.		
	(*ii*) Goods loose or in bulk as defined in rule No. 54 of Goods Tariff (IRCA) No. 29 *e.g.*, stone, coal, coke, sand, brick, kankar, surkhi, limestone, gypsum; ballast, manganese ore, wooden 'Karies' Ballies, bhusa, Karbi grass (unbagged), bamboos, bark & sugar-cane.	*In wagon load* per 4 wheeled wagon. BG MG		
	(*iii*) Hides, skins, bones, and offensive goods as defined in Rule 50 of IRCA Goods Tariff No. 29.	*In smalls* per 50,000 KG.		
	(*iv*) Iron sheets and plates, bars, rods, girders, pipes, angle-iron of all sizes and iron scrap.	Per 50,000 KG.		
9	Transhipment of goods in wagon loads requiring the use of crane but done entirely by man-power in absence of crane.	*Per 4 wheeled wagon.* BG MG.		

1	2	3	4	5
10	Transhipment of goods in smalls requiring the use of crane but done entirely by man-power in absence of crane.	Per 50,000 KG.		
11	Transhipment of contents from a tank wagon fit or damaged.	Per 4 wheeled wagon. BG. MG.		
12	Adjustment of loads of wagons including removal of excess contents.	Per 4 wheeled wagon. BG. MG.		
13	Checking contents of seal broken or seal defective wagaons including resealing of these wagons.	Per 4 wheeled wagon. BG. MG.		
14	Supply of labour on man-hour basis for work not detailed in this schedule. (Relating to handling work only). This will also apply where handling or transhipment is done by crane but contractors labour is utilised for fixing ropes and chains or any other incidental work in that connection.	Per Man-hour.		

NOTE

1. The name of station to which the above schedule applies is Shahganj.

2. Labour will be supplied during the working hours as notified by the Railway Administration from time to time which at present are 6/- hours to 20/- hours. The above working hours will also apply for reckoning demurrage charges.

3. The rates in this Schedule apply without passes.

4. A single package weighing 373 KG and over will be treated as requiring the use of crane for the purpose of loading, unloading, or transhipment into or from an open wagon. In case a crane is used by the contractor for his own convenience, the charges will be admissible under the relevant items of the schedule of rates and not on man-hour basis.

5. Transhipment at break-of-gauge denotes direct transhipment from a vehicle of one gauge into a vehicle or vehicles of another gauge or unloading and stacking of goods from the vehicle of one

gauge and reloading into a vehicle or vehicles of another gauge and included transhipment by dumping of goods namely unloading of goods and subsequently reloading into wagons due to empties not being available in the first instance but wagons under load having to be released or due to any other local condition as may be required by the Railway Administration.

6. Transhipment from damaged wagons means and includes both direct transhipment from wagon to wagon as well as transhipment by double operation *i.e.* unloading, dumping and subsequent reloading, into wagons due to empties not being available in the first instance but wagons under load having to be released or due to any other local condition as may be required by the Railway Administration.

7. The rate for 6 wheeled and 8 wheeled wagons or vans would be one and half time and double respectively of those for 4 wheeled wagon or van shown above.

8. The van rate in item 4 of the schedule will be paid for in respect of inward vans only irrespective of the number of outward vans made.

9. The wagon transfer register is to be signed by the handling contractor or his authorised agent and the time wagon is made available for handling will be reckoned in calculating demurrage charges.

10. TR & CR Vans handled at the booking and destination stations will be treated and paid for at the rates applicable to loading or unloading of goods at those stations.

11. No crane or haulage charges would be levied for supply of crane or any demurrage charges recovered from the handling contractor on account of the stock detained for the arrival and availability of crane.

12. The rates for special goods under items 2, 7 and 8 of this schedule will be admissible only for commodities specifically mentioned as such under those items. All other commodities will be treated as general goods.

13. The services for different items of handling including various operations connected therewith, such as putting of breast bars, tying with ropes, covering with tarpaulins, and also opening and closing wagon-doors, cleaning of wagons, before loading or after unloading, handling of appliances and fitting in connection with loading, unloading and transhipment operations and refilling and stitching of burst bags in case of loading and unloading and necessary hand shunting and dunnage will be done without any extra payment.

14. Regarding repacking of road vans into vans of the same gauge or another gauge, in case some weight is meant for that station itself and is not carried in another van to the local goods shed that weight would be deducted from the total weight of inward traffic of that station under items I, II, III of the schedule as the case may be.

15. In case of outward traffic booked at the local goods shed, and repacking in the transit or transhipment shed at the same station the contractor will be due payment only under items 1, 2 or 3 of the schedule as the case may be if the packages are not carried in another van to the transit or transhipment shed.

NOTE: (A) As offered by contractors, a rebate @2 per cent of the face value of the monthly bill will be deducted by the Divisional Superintendent from contractors' bill before forwarding to Accounts.

(B) If and when the Railway Administration order handling during night, the contractors would be paid 25 per cent over and above the normal rates provided herein.

APPENDIX IX

(Para 34 of the Report)

MINISTRY OF RAILWAYS

(Railway Board)

MEMORANDUM

Consideration of Appropriation Accounts (Railways) 1960-61 and Audit Report (Railways) 1962

Ref: Item 6 of the list of points sent with Lok Sabha Sectt. O.M. No. 2/IX/(2)/62/PAC, dated 31-7-1962

6. The Central Railway—Irregular splitting up of work orders—Para 16.

"A copy of orders issued by the Railway Board regarding nature of works to be executed by Zonal Contractors without any monetary ceilings. (The relevant para of the Engineering Code, if any, may be quoted). The position prevailing on different railways prior to the issue of these instructions may also be indicated."

The revelant para in the Engineering Code is Para 1108-E (Extract attached). Copies of the following letters issued by the Board to the Railways are attached.*

61-B(C)-C/41, dated 14-6-1962.

58/WII/CT/19(Pt.), dated 29-11-1956.

56/WII/CT/19(Pt.), dated 20-7-1962.

5246-W(Part), dated 5-12-1955.

54W/25/W, dated 13-8-1955.

As regards the practice obtaining on the different railways prior to the issue of the letter dated 14th June 1962, it may be stated that the detailed position would have to be ascertained from the Railways. Apart from the Central Railway, referred to in the draft paragraph, it has been ascertained from the South Eastern Railway that, though, ordinary repairs and maintenance works are being generally entrusted to zonal contractors only, occasion has not arisen for issue of

*Not printed.

work orders over Rs. 50,000 each in this connexion and it has been possible to work up to this limit by a suitable phasing of work etc.

This has been seen by Audit.

Director, Finance, Railway Board.

Extract of para 1108-E of Engineering Code.

"Contracts for Zone Works and Engineering Materials.—It is often advantageous to allot *all works of repairs and maintenance* in a particular zone for a definite period to one contractor. It may be likewise advantageous to make a limited number of contractors responsible for the conveyance or supply of engineering materials as and when required in a district/division or sub-division during a specified period. Executive Officers of the Engineering Department should, therefore, take steps to select suitable contractors for—

(i) the execution of repair and maintenance works in specified zones for each financial year, and

(ii) the conveyance or supply of materials, *e.g.*, bricks, ballast, lime, sand, & c., which are likely to be required in a district/division or sub-division during a financial year.

The contracts for these works or supplies should, as a rule, be on a yearly basis. If, however, any special advantage, such as more favourable rate is likely to be secured by giving out contracts for longer periods (as in the case of manufacture or supply of bricks) contracts for more than a year may, with the concurrence of the Accounts Officer, be entered into".

APPENDIX X

MINISTRY OF RAILWAYS

(Railway Board)

(Para 68 of the Report)

8. *Delay in fixation of staff responsibility in connection with compensation claims—Para* 34.

A note indicating additional measures taken to carry out the additional responsibility cast on the Railway Board on account of the passing of an Act by Parliament regarding Carriers liability.

The effect of the higher liability assumed by Railways w.e.f. 1-1-62 is that Railways now become liable for losses, damage, etc. for certain causes for which they were not liable before, the more important of which are:—

(a) Losses due to running train thefts;

(b) Losses due to interference through door crevices; and

(c) Damages by wet even where the goods are carried in watertight wagons due to water entering through the door crevices or any leak developing in transit.

2. Also under the new liability (new section 77) the Railways have now become liable as bailees for loss, damage, etc. of goods (except livestock, dangerous goods and excepted articles) for a period of 30 days after the termination of transit. Previously for articles not removed from Railway premises at destination within a "reasonable time" (which was defined in the Railway rules as time allowed free of wharfage), the Railway was not liable in any respect for any loss, destruction or deterioration.

3. Railways were advised in November, 1961 that in view of their increased responsibility under items (a) & (b) in para 1 above, it is absolutely necessary to reorganise and reorientate their security arrangements (such as intensification of patrolling of vulnerable areas escorting of trains etc.) all along the line to keep down losses on account of running train thefts or due to criminal interference through door crevices. Railways are already taking action in the matter. Copy of the instructions are given in Annexure 1*.

*Not printed.

4. Regarding item (c) in para 1 above, instructions have been issued to Railways which are designed to ensure that wagons are subjected to intensive examination for checking their watertightness and for removing the defects wherever they exist. Their attention has also been invited to the instructions already in force that only water tight wagons are to be used for loading damageable goods. Railways have also been asked to consider the use of gunny strips across the door crevices of wagons to prevent the ingress of water through them. Copies of instructions are given in Annexures 2, 3 & 4.*

5. In regard to para 2 above, instructions were issued to Railways to provide additional shed accommodation before setting in of Monsoon this year.

6. Mention may also be made here of the more important claims prevention measures, indicated below, which are already in vogue over the Indian Railways:—

(i) Extensive use of Ellis Patent Locks besides the rivetting of the top and bottoms cotters of the wagon doors as an additional safety measures to prevent running train thefts.

(ii) Provision of armed escorts for goods trains carrying valuable goods through unsafe areas.

(iii) Patrolling by Railway Protection Force of vulnerable spots on the line.

(iv) Greater coordination between the Railway Protection Force and the State Police on different levels.

(v) Provision of anti-bleeding devices in covered wagons to prevent flap door thefts.

(vi) Observance of packing, labelling and marking campaigns as well as Stop Rough Handling campaigns.

7. To invite attention of the station staff to the care and precaution required of them in the context of the new responsibility of Railways in the handling of goods during its transit by rail a standard set of Instructions as approved by Railway Board has been issued by each Zonal Railway for guidance of their staff. Forty copies of the printed instructions issued by the Northern Railway to their staff are enclosed.

8. This has been seen by Audit.

---

*Not printed.

APPENDIX XI

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 1 of Appendix II)

MEMORANDUM

SUB.: *Para* 81 (*Recommendation No.* 27) *contained in the* 17*th Report of the P.A.C.* (1955-56).

Ref: Lok Sabha Secretariat O.M. No. 2/IX/7/61/PAC dated 30th November, 1961.

In continuation of Ministry of Railways Memorandum on the above recommendation, forwarded to the Lok Sabha Secretariat under their Office Memorandum No. 56-B(C)-2498/XVII/27 dated 21-4-1961, it is submitted that the Ministry of Labour have been constantly urged to expedite finalisation of the amending legislation to the Payment of Wages Act. That Ministry have advised recently that the points raised by some other affected Ministries have been considered and on receipt of some essential clarification from the other Ministries, which has been sought, papers would be submitted for a Cabinet decision, thereafter the necessary amending legislation will be progressed.

The further position of recovery of admitted debits *vis-a-vis* total station outstandings and Railways gross receipts is as under:—

Date	Balance of admitted debits (In lakhs)	Total station outstandings (In crores)	%age of (2) to (3)	Railways' Gross receipts (In crores)	%age of (2) to (5)
(1)	(2)	(3)	(4)	(5)	(6)
31-5-57 . .	22·15	4·56	4·86	348 (for 1956-57)	·06
31-5-58 . .	19·54	5·35	3·65	380 (for 1957-58)	·05
31-5-59 . .	23·66	9·46	2·5	390 (for 1958-59)	.06
31-5-60 . .	26·11	9·15	2·85	422 (for 1959-60)	.06
31-5-61 . .	30·27	9·12	3·32	457 (for 1960-61)	.07

1844 (Aii) LS.—7

As will be appreciated the amount of admitted debits bears a direct relation to the total station outstandings as well as to the total volume of traffic represented by gross receipts. Although, therefore, the amount of admitted debits has shown arise after May 1958, expressed as a percentage of the Gross receipts, the position has not deteriorated. There has, however, been some increase in the percentage, in relation to the total station outstandings, and this aspect is receiving the constant attention of the Ministry of Railways. The Railway Administrations review the position of stations outstandings regularly, with a view to ensuring that adequate action for the realisation is speedily taken. Such reviews are also considered at the periodical meetings of the Principal Officers with the General Managers and during inspections done by the Railway Board's Accounts Inspection party and Officers.

This has been seen by Audit.

Director, Finance,
Railway Board.

APPENDIX XII

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 2 of Appendix II)

SUB: *Para 12 of Audit Report, Railways, 1956—Supply of defective springs in all metal MG coach body shells.*

REF: *S. No. 18 of statement showing action taken or proposed to be taken on the previous recommendations of the PAC (Railway Accounts) included as Appendix I of the PAC's 15th Report (Second Lok Sabha) 1958-59, shown as outstanding in S. No. 5 of Appendix I of the latest PAC report i.e. 33rd Report (Second Lok Sabha).————Lok Sabha Secretariat's reference No. 2/1X/7/61/PAC dated 30th November, 1961.*

The comments of the Committee against the aforesaid S. No. 18 are re-produced below:—

> "The result of the investigation by the High Level Team of Officers appointed to examine the case may be intimated to the Committee."

40 Copies of the report of the Committee in this connection are sent herewith. In accepting the findings of the Committee, the Railway Board submit with all due respect that there was no negligence or any obviously faulty assessment such as would justify further pursuing of the case for fixing responsibility. In any case, the Chief Design Engineer in charge of the then CSO had retired finally from service in October 1955 i.e. several months before the initial factual statement was framed by the Chief Auditor, Southern Railway, in March 1956; and the Board would request that, taking all the circumstances as set forth in the enclosed Report, the case may now be kindly treated as closed.

As regards the Committee's conservations that the working of the Central Standards Office requires looking into, the Ministry of Railways' reply that the Central Standards Office has been re-organised and strengthened, has already been noted by the Committee with the remarks "No comments" against the same item (S. No. 18).

This has been seen by Audit, who have observed that the revised assessment of the loss as Rs. 1,35,000/- by the High Level Committee has not been verified by them.

Sd/- K. S. BHANDARI,
Director, Finance, Railway Board.

Lok Sabha Sectt. (PAC).

Min. of Rly. (Rly. Bd.) UOI No. 58-B(C)-2498|II|4th Report|9 dt. 8-1-1962.

Para 12 of Audit Report, Railways, 1956—Supply of defective springs in all metal MG coach body shells. No. 18 of the main conclusions/recommendations of the PAC appearing in Appendix I of the PAC's 15th Report (Second Lok Sabha)—1958-59.

PREAMBLE:

In the Memorandum previously submitted by the Ministry of Railways to the PAC on this subject, which is reproduced as Appendix XVI to the PAC's 15th Report (Second Lok Sabha) 1958-59, it was stated that the Ministry of Railways had appointed a high level team of officers to examine the case fully and to submit a report.

We have examined the case with reference to detailed data obtained by us from the Director, Standardisation (Mechanical).

2. *HISTORY OF THE CASE:*

2.1. 250 metre gauge coaches, similar to the 900 coach body shells which form the subject of the enquiry, were ordered on M.A.N. of Germany in 1950 against the 1951-52 Rolling Stock Programme. These coaches were ordered *as fully furnished, and electrically equipped.* The tare weight of this coach with water tanks full is 27·125 tons. They were built to a specification issued by the then Railway Central Standards Officer (CSO), in which the tare weight, without generating equipment, was shown as 25 tons. The generating equipment accounts for about 2 tons. These coaches thus complied with the specification. They were received early in 1953, and have continued to work satisfactorily without any modification to the spring gear.

2.2. It was the intention of the Railway Board to place orders abroad for 200 fully furnished and equipped coaches against the 1952-53 rolling-stock programme, and a specification was prepared by the CSO accordingly, which was similar to the specification mentioned in para 2:1 above. Actually, however, the orders were for 200 coach body shells only, 100 of which were to be provided with generating equipment. 100 of these coach body shells were ordered in the U.K. on 15-10-1951, and 100 in Belgium (Le Brugeoise) on 17-10-1951

It was expressly intended that these coach body shells should be furnished in Indian Railway Workshops, thus reducing the expenditure on imported content.

2.3. The Railway Board placed a further order for 200 coach body shells, with generating equipment, against the 1953-54 rolling stock programme, on the Belgian firm mentioned in para 2.2 above. This order was placed on 26-12-1952, and was to specification No. 52-F-08. No. maximum weight was stipulated, but it was stated that the weight should be kept to a minimum consistent with strength and stability. These body shells were also furnished in Railway workshops.

2.4. The Railway Board had also placed an order for 250 coach body shells, half of them (50%) to be fitted with generating equipment and the other half without, against the 1953-54 rolling stock programme, on Jessop & Co. on 7th January 1952. This order was to specification No. 52-H-03 issued by the C.S.O. which was on the lines of the one mentioned in para 2·3 above, and contained the same general stipulation in regard to weight. The underframes were manufactured separately by Jessops.

2.5. A second order for 250 coach body shells initially, with a distribution of 50% equipped and 50% unequipped was placed on Jessops on 9th May 1954 against the 1954-55 rolling stock programme. The C.S.O. was *not* asked to prepare a specification for this order, and the Railway Board placed the order to the specification which had been prepared for the previous order. In June 1954, however, the Railway Board issued instructions to all concerned that the entire lot of the coaches were to be equipped. The underframes were manufactured separately by Jessops.

2.6. The 900 coach body shells under reference mentioned in paras 2·2 to 2·5, namely—

Sl. No.	R. Stock Programme	Source	Date of placement of order	Number	Remarks
1.	1952-53	U.K.	15-10-1951	100	100 to be supplied equipped
2.	,,	Belgium	17-10-1951	100	
3.	1953-54	Do.	26-12-1952	200	All Do.
4.	,,	Jessops	7-1-1952	250	125 Do.
5.	1954-55	Do.	9-5-1954	250	All Do.
			TOTAL	900	675 equipped 225 unequipped

as well as the 250 fully furnished coaches imported earlier from Germany, as mentioned in para 2·1 above, were *built on standard I.R.S. underframe to the design of Messrs. Rendel, Palmer & Tritton, the previous consulting engineers* to Indian Railways which had been in use on the Indian Railways for about thirty years.

2.7. The first coaches ordered (vide details shown in para 2·6 above) to be ready for service were some which were furnished by the *Southern Railway,* and some others furnished and put into service by the *N. E. Railway.* In the former case, the first fully furnished coach was found to have a tare weight of about 32 tons. The Works Manager tested it by thrusting 176 workmen into this pattern coach. With this dense crust pay-load, the bolster springs were driven home. In the case of the North Eastern Railway, a tareweight of 29½ tons was reached, and that Railway did not suspect or apprehend any difficulty, these coaches were put into service, but were withdrawn as soon as it was found that, under heavy payloads, the springs were being driven home. The cases were reported to the C.S.O. who then, for the first time, took action to examine the spring gear system *ab initio,* and prepared a design for a stiffer arrangement.

2.8. The Railway Board issued instructions in 1954, as already mentioned in para 2.4 ante, that all coach body shells ordered as unequipped should be equipped. This work was to be done as coaches/coach body shells passed through workshops. A small number of coaches were dealt with departmentally, and the rest by contract.

2.9. The tare weight of the 900 coaches under reference fluctuated from group to group, depending on the type of electrical equipment used, type of timber and other indigenous furnishings available. In some cases, coaches which tared as much as 31 tons were reduced to 29 tons when lighter weight furnishings and materials were used.

2.10. Due to scarcity of materials, particularly good quality seasoned timber, the Railways were not able to obtain the materials of the precise quality required and had to be satisfied with such materials as could be found. This led to totally unexpected increase in the tare weight of furnished coaches.

2.11. It was the test carried out by the Southern Railway on the pattern coach and the experience on the N. E. Railway *which led to a realisation of the fact that the spring capacity of these coaches was not matched with the axle capacity* and that the springs were suitable for a gross load at rail of only 36½ tons, while the axles were suitable for a gross load at rail of 40 tons. This fact did not come to

light earlier, as the underframe was to a design by the previous Consulting Engineers—M/s. R. P. & T.—and had been in use for over 30 years. The design calculations for these underframes were not, and still are not, available with the R.D.S.O. *i.e.*, the present Research, Designs and Standards Organisation (into which the former CSO was integrated). In the *absence of these design calculations, it was presumed* that the spring capacity would match with the axle capacity; and as there had been no occasion to check the total spring capacity, no attempt was also made to specially secure the calculations from the Consulting Engineers.

2.12. The C.S.O. eventually issued instructions (vide letter No. CW/CB/O dated 23|28th April, 1955) that the spring gear of all coaches which tared more than 27 tons should be modified.

As already explained, in reply to Lok Sabha Secretariat's O.M. No. 96-PAC/57/Vol. II (454) dated 17th March 1958, the springs now provided are adequate for the type of coaches under consideration.

3. *OBSERVATIONS.*

3.1. It will be seen from para 2.2 that, in the case of 200 coach body shells against the 1952-53 rolling stock programme, specifications were prepared for fully furnished and fully equipped coaches, while orders were placed in Belgium and in the U.K. for only coach body shells, of which 50% were to be fitted with generating equipment. Furthermore, out of the remaining 700 coach body shells, (*i.e.* 200 from Belgium, 250 from Jessops ordered on 7th January, 1952 and 250 from Jessops ordered on 9th May 1954), 125 were ordered without generating equipment and the remaining 575 with generating equipment.

3.2. The purpose of specifications for rolling stock is to indicate to the seller the broad outlines of the purchaser's requirements. Details are not given, and the seller has to build up such details when preparing detailed drawings, so as to remain within the broad outline specified. When a Railway itself is the seller or builder, the broad outline of requirements is already known to it and it is not, therefore; necessary to issue specifications. Such being the case, it has never been, and is still not, the practice for the RDSO to issue specifications for any coach building or furnishing to be undertaken in Railway Workshops. There have been several occasions in the past when Railways have placed orders for coaching stock to be built by contractors; and, in each of these cases, the Railways have issued their own specifications, though in some cases they consulted the R.D.S.O. in order to take advantage of the information

available. Such being the case, the then CSO was not aware of the details of the furnishings to be used by individual railways, and exercised no control over the railways, apart from issuing standard layouts.

3.3. Coaches/coach body shells ordered abroad came from the same source as complete units; but, in the case of the orders placed in India, the four main elements, *i.e.*, underframes, body shells, furnishings and generating equipment came from different sources.

3.4. In the specifications prepared by the CSO for coach body shells only, no maximum weight was specified though, in the case of fully furnished coaches, a maximum tare weight of 25 tons for unequipped coaches was laid down. This in turn led to a tare weight of 27 tons for equipped coaches. An accurate estimation of tare weight is a very difficult matter, and even experienced builders are unable to do so with assurance. The maximum tare weight specified by the CSO in the case of fully furnished coaches proved to be a reasonably accurate estimate; but since this estimate was based on comparisons with other coaches and was not the result of estimating the weight of individual component items, the CSO was unable to break up the weight of the superstructure, *i.e.*, coach body shell and furnishings separately, though the weight of the underframe and generating equipment was known. Such being the case, the only stipulation made in the specification was that the weight of the coach body shell should be minimum consistent with strength and stability. However, the impression remained that, if all the parties concerned—namely, the builders of the underframes, the suppliers of generating equipment, the body shell builder and furnisher—played their part correctly, the total weight, even of coaches furnished in India, would not exceed 26 tons for unequipped coaches and 28 tons for equipped coaches.

3.5. When there was no furnishing capacity in India, fully furnished coaches were ordered abroad. As soon as furnishing capacity could be found, it was naturally decided that orders abroad should be for coach body shells only, even if this involved modification of earlier intention to obtain from abroad fully furnished and equipped coaches; and when both furnishing and body shell building capacity was in sight, no orders were placed abroad for coach body shells either. The 900 coaches were required urgently, and in order to save foreign exchange, the maximum possible indigenous content was aimed at. Thus, a new task had to be given to body shell builders and railway workshops in India, without going through the process of building and proving a few proto type units in the belief that the Metre Gauge coaches ordered earlier on the German firm, which had all the amenities specified for such coaches, could well be treated

as a proto type for the 900 Metre Gauge coaches subsequently ordered and furnished in India. The task became more complicated as 4 different parties were involved in the completion of a coach.

4. *CONCLUSIONS.*

4.1. We now consider the three groups into which the 900 coach body shells fall, viz., coach body shells which were originally intended as fully furnished coaches, coach body shells ordered unequipped to CSO specifications and coach body shells ordered equipped to CSO specifications.

Coach body shells originally intended as fully furnished coaches.

4.1.1. As indicated in para 2.2, specifications had been initially prepared for 200 fully furnished and equipped coaches to be purchased abroad. They were, however, obtained as coach body shells only (50% equipped and 50% unequipped) since furnishing capacity became available in India by the time the orders were actually placed. We have no doubt that, if these 200 coaches had been obtained fully furnished and fitted with generating sets from abroad, they would also have satisfied the maximum weight conditions as has been the case with the coaches ordered earlier on MAN of Germany which, since their receipt early in 1953, have continued to work satisfactorily without the need for any modification to the spring gear. The aforesaid MAN steel Metre Gauge coaches were, in fact, ordered with certain additional amenities, and the specification indicated that the coaches were to be built to a tare weight of 25 tons but the actual tare weight, including furnishings, came out at 27.15 tons per coach, the difference of about 2 tons being on account of extra electrical equipment, widening of the coach to 9'—0" and weight of insulation required for a metal coach. The MAN coaches which, as already mentioned, are still giving satisfactory service, were, therefore, regarded with some justification as a proto type even when it was decided that only coach body shells would be ordered and would be furnished in India. The various factors contributing to the increase in tare weight were thus reasonably foreseen (viz. width of the coaches, additional electrical equipment in the coaches, etc.). While it is true that, towards the end of 1950, it had been decided to utilise indigenous type of wood for the construction of the coaches instead of the conventional teak wood, an extra allowance on account of indigenous furnishings and fittings of about 1 ton was, in our opinion, a reasonably adequate allowance, according to the knowledge that the Central Standards Office could be expected to have at the time when they visualised a tare weight up to 28 tons in the case of these coaches. On the MAN coach, the total weight of the furnishings and fittings was 7:65 tons *viz.* 27·15 tons

less 19·5 tons representing only the weight of the coach shells and underframes without furnishings and fittings. Roughly, a 10 per cent additional allowance, or about 8·4 tons was thought to be adequate for Indian furnishings or, in other words, 7:65 tons *plus* 0·75 8·4 tons which, when added to 19·5 tons would give a tare weight with furnishings and fittings of 27·9 tons. It has also since come to light that, in respect of the Broad Gauge standard light weight coaches, such as are now being produced by the Integral Coach Factory, Madras, the coach when furnished in Matunga workshops in the earlier stages (1955) had a tare weight of about 1·3 tons more than the imported and equipped Third Class Broad Gauge coach so that, for a Metre Gauge coach, with only 62 per cent of the surface area of a Broad Gauge coach, an additional allowance of about 1 ton was also reasonable according to the then knowledge. That the tare weight of the Indian furnished coaches actually ranged on different Railways from 28·5 tons to 31 tons, cannot be ascribed to any negligence, or want of reasonable care, on the part of the Central Standards Office in estimating and prescribing the tare weight. In fact, the Southern Railway, which reached a tare weight of 31 tons in their first coaches, were able to reduce their furnishing so as to bring the tare weight down to 29·4, thus indicating that increase in the tare weight was due to the earlier difficulties on the part of Indian Railways in controlling weights of indigenous furnishings, particularly in the absence of any procedure of issuing detailed specifications to Railways for furnishing. The furnishing of steel coach body shells, with the main elements coming from different sources (namely, underframes from Jessops, electrical equipment either from Railways or through contracts, furnishings from such material as the Railways were able to find), was somewhat of a new task for the Indian Railway workshops which had been building only wooden body shells for many decades. The decision to place orders abroad for only coach body shells, as soon as furnishing capacity could be found in India, and the decision to obviate all foreign orders as soon as both furnishing and body shell building capacity were available in the country, necessarily meant that bulk production was taken in hand in India to meet urgent requirements with the inevitable consequences of slightly increased cost such as would have been incurred in any case if strengthened spring gear had been adopted from the beginning.

225. *unequipped coaches (i.e., 100 out of the 200 for which orders were placed abroad in 1951 plus 125 ordered on Jessops in 1952.).*

Instructions were issued to equip all the 250 coaches of the second order placed on Jessops, shortly after the order was placed. We are,

therefore, treating this order as if it was for 250 equipped coaches and excluding it from consideration under this paragraph which relates to unequipped coaches.

4.1.2.1. As stated in para 2.1, M.A.N. coaches of 27 tons tare have been found perfectly satisfactory. Unequipped coaches built with equivalent shells and furnishings should tare 25 tons. There was thus a margin of 2 tons on the tare weight estimated by the CSO and the tare weight which could be countenanced.

4.1.2.2. In our opinion, as already explained, the aforesaid margin was ample to cover contingencies, and if unequipped coaches have tared more than 27 tons, it was only due to lack of experience on the part of the railways which furnished them, aggravated by the use of unseasoned timber. The CSO cannot be blamed for the unsuitability of the springs for such coaches, particularly when it was only at a later stage that orders were issued by the Railway Board to equip all these unequipped coaches.

675 *equipped coaches including* 125 *equipped coach body shells out of the order of* 250 *on Jessops.*

4.1.3. 100 coaches out of this group have been dealt with under para 4.1.1, leaving 575 under this para. In the case of these coaches, tare weights upto 28 tons were visualised by the CSO. However, for the reasons already given, i.e. the inexperience of railway workshops and the non-availability of suitable materials and the difficulty of controlling weight when the main elements come from different sources, much higher tares were actually obtained, the differences being inherent in the initial results of such a change-over made in the national interests. A tare weight of 28 tons leaves only a margin of just over 8½ tons for payload, since the spring capacity of these coaches is suitable upto a gross load on rail of 36½ tons. We consider that, if the CSO had been aware of this limitation, they would have taken action to stiffen the springs for equipped coaches to be furnished to India. *This is a lapse for which the CSO is responsible.* Normally, an anticipated maximum load of 8·2 tons in design practices would provide for crush loads on long distance trains corresponding to an occupation ratio above 200%, but as Mela traffic on the Southern Railway and traffic on N. E. Railway caused the ratio to rise to about 300%, the gross weight of the coach, which should not have exceeded 36·4 tons, came out at over 40 tons. In fact, as explained in on earlier memorandum there would have had to be a margin of about 1·25 tons even within the 36·4 tons, to prevent discomfort in riding under extra-ordinary heavy loading conditions.

4.1.3.1. It has been indicated in para 2·1 that the CSO had presumed that the springs were matched with axle capacity; by implication, they had been taken as suitable for a gross load on rail of 40 tons. The fact that, in the case of MG coaches, standard IRS underframes used under various types of coaching stock, there was only one type of spring gear, while in the case of BG underframes used under various types of coaching stock there were three types of spring gears meant for light, medium and heavy vehicles, *gives the impression* that in the case of the MG, the springs are matched with axle capacity. In the absence of design calculations and an occasion to check spring capacity, there was no reason to alter this impression. In fact, the satisfactory behaviour of the MAN coaches tended to lull any suspicious which otherwise might have been entertained on this score.

5. *RESPONSIBILITY.*

5.1. It will be seen from the foregoing that the initial inexperience of railways for this type of work, the non-availability of suitable materials, the difficulty in controlling weight under the circumstances which prevailed at the time, and the lack of knowledge in the CSO regarding spring capacity led to the necessity to change springs. We cannot hold any one responsible for inexperience, for the lack of suitable materials in the market, and the difficulties arising from the circumstances which prevailed at the time. In the case of the SCO, we consider that they can only be judged in relation to the knowledge they could reasonably be expected to have. The presumption in the CSO regarding spring capacity being matched with axle capacity was a reasonable one, in all the circumstances of the case and the background of the earlier behaviour of the MAN coaches which had been given, and are still giving, a satisfactory service. It is also relevant to mention that CSO were just taking over the duties previously performed by M/s. Rendel Palmer & Tritton; at this stage, they had neither the records nor the resources to equal the level of knowledge expected from M/s. R.P. & T. On the whole, therefore, we are satisfied that there was no obviously faulty assessment or ignoring of any known facts for which any specific individual can be held responsible.

6. *COMMENTS.*

6.1. Even though the question of verifying the precise magnitude of the loss was not remitted to us, we consider that it is necessary to examine this as being a very relevant factor. The total rough cost

of modifications as then advised by the Railways, which was included in the Audit Paragraph, is indicated below:

Rly.	No. of coaches	Approx. Cost	Total	Remarks
		Rs.	Rs.	
C. Rly. . .	50	530	26,500	
NE Rly. . .	288	467	134,496	
W. Rly. . .	120	437	52,440	
S. Rly. . .	350	710	248,500	
N. Rly. . .	70	88+ 87 cost of stores	12,250	
		175	474,186	

6.2. On further examination, arising from the widely varying figures, it is clear that some of the Railways had included the cost of all additional material—that is, even that which would have been used in any case if strengthened spring gear had been ordered from the beginning. The Northern Railway files indicate that this Railway only has proceeded correctly in this matter, and the estimate of expenditure framed by that Railway—namely about Rs. 175 - per coach, including both direct and indirect charges, would be the most reasonably correct estimate. This figure will have to be modified to about Rs. 150, to represent the actual out of pocket expenditure, which only represents the "loss"—as distinct from "cost". For 900 coaches, the loss would amount to about Rs. 1.35,000, and certainly very much less than the figure of Rs. 4·7 lakhs, which was clearly stated to be a rough estimate furnished by the Railways for the purpose of indication in the Draft Para at that stage.

NEW DELHI;

January, 1962.

APPENDIX XIII

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 8 of Appendix II)

MEMORANDUM

Re: *Item 26 contained in Appendix I to the 40th Report of the P.A.C. (2nd Lok Sabha)*

In regard to the Committee's suggestion contained in the first part of their recommendation No. 39 of their 21st Report (1959-60), it has been decided, in consultation with Iron & Steel Controller, to amend the Standard Conditions of Contract for C.I. Sleeper Plates, to provide for the following undertaking to be given by the C.I. Sleeper fabricators:

> "I/We hereby solemnly declare that the Pig Iron indented is required for the purpose of manufacturing Cast Iron Railway Sleepers against Railway allotment and that the Pig Iron will be consumed at..... The Pig Iron will not be utilised for any other purpose and further it will not be resold without the prior approval of the Iron & Steel Controller."

The Cast Iron Sleeper fabricators have accordingly been asked to furnish the above certificate on their indent for Pig Iron to be submitted to Iron & Steel Controller for the contract placed with them in 1962.

The Ministry of Railways trust that the above procedure will act as a sufficient deterrent as any violation of the undertaking is likely to result in blacklisting of the defaulting firms in addition to their being debarred from getting material for a specified period.

The question whether any other penalty, in addition to the above, can be imposed on the firms for misuse of Iron or Steel allotted for specific purpose and whether any amendment to the Conditions of Contract is necessary, which may empower the Ministry of Railways to impose such a penalty, is under reference with the Ministry of Law.

This has been seen by Audit.

APPENDIX XIV

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 9 of Appendix II)

MEMORANDUM

Sub: Action taken on *para* 10 *of* 33*rd Report* of Public Accounts Committee—Loss owing to defect in a goods handling contract.

Ref: Lok Sabha Secretariat's Office Memorandum No. 2/IX/7/61/ PAC dated 8th December, 1961.

The Public Accounts Committee have asked to be furnished with the following further information in connexion with this case in addition to what was explained in Ministry of Railway's last Memorandum on this case submitted in July, 1961.

(i) A copy of the Report of the General Manager, Central Railway indicating the results of his investigation into the question of fixing responsibility for the mistake;

(ii) Decisions taken by the Railway Board on the Report of the General Manager mentioned above.

2. The information asked for is furnished as under.

General Manager, Central Railway in his first full report sent with his Confidential D.O. No. C. 350/G/Audit Para/Con. dated [illegible] October 1960* stated that, after scrutiny of the relevant records, he considered that "the basic mistake was the inclusion of Clause 2(iii) in the agreement for handling of goods at Wadi Bunder; this mistake has led to the consequences under investigation". The officer in the Commercial Department, through whose oversight this clause came to be included in the agreement for Wadi Bunder; was the Sr. Commercial Officer at the Railway headquarters and it was held by the Ministry of Railways that no other officer of the department at the gazetted level could reasonably be penalised. The Goods Superintendent Wadi Bunder was not associated at the crucial stage, and no blame can attach to him. As also brought out in Ministry of Railway's earlier Memorandum of July 1961, the administrative officer of the Finance Branch of the Railway, while examining the tender papers, drew the attention of the Commercial Department to the special requirements of Wadi Bunder merely in a general way but also omitted to follow up this matter at the tender committee

---

*Not printed.

meeting and later. It was equally unfortunate that the Sr. Commercial Officer at headquarters, on receipt of the aforesaid letter from the Finance Branch, interpreted it as conveying no special suggestion and did not try to resolve matters either by putting up the letter to his superior officer, or by discussion with the Finance Officer concerned. The General Manager, Central Railway, while recognising that the further consequences emanated directly from the basic mistake of the inclusion of clause 2(iii) in the agreement indicated in his first report of 6th October 1960 already referred to that, apart from the administrative officer concerned of the Finance Branch and the Senior Commercial Officer at headquarters, certain other officers could also be held responsible for failures during the later developments of this contract. The General Manager, Central Railway's report was carefully considered by the Board; in Additional Member, Finance, Railway Board's Confidential letter No. 59-B (C)-3129 dated 14th December 1960 to General Manager Central Railway* attention was focussed on the main failure in this case of inclusion, through oversight, of clause 2(iii) in the agreement. The actions of the officers at subsequent stages cannot be regarded as a failure when legal advice was to the effect that once the agreement had been executed, the payments eventually agreed upon were inescapable. General Manager, Central Railway, in his further confidential D.O. No. C. 350/G/Audit Para/Con. dated Feby. 61* recognised this point; and accordingly, after further consideration of the case, assessed the responsibility as being mainly that of the Dy. F.A. & C.A.O. and Sr. Commercial Officer at the headquarters. The Railway Ministry, as already explained in their earlier Memorandum submitted in July, 1961, took note of General Manager's final appraisal of individual responsibility, but having regard to the consistently unblemished record of the afore-mentioned two officers (one of whom was transferred to a railway project in 1957, long before Audit took up this case), decided that the needs of the case would be met by conveying the Railway Board's displeasure to the two officers and by keeping a copy of this communication in the Confidential Reports files of the officers. This action was accordingly taken and the Ministry of Railways would repeat the request already made in their previous Memorandum of July 1961, that in the circumstances, the case, which was one of oversight and not of mala-fide, may be treated as closed.

This has been seen by Audit.

Director, Finance,
Railway Board.

---

*Not printed.

APPENDIX XV

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 10 of Appendix II)

MEMORANDUM

Reg: Item 40 of Appendix I of the 40th Report of the P.A.C. (2nd Lok Sabha).

Sub: South-eastern Railway—Irregular classification of earth-work-para 22 of Rly. Audit Report, 1960.

The Public Accounts Committee, in their 33rd Report (2nd Lok Sabha), made the following recommendation:—

> 14. The Committee trust that the investigation into the allegations against officers regarding irregular classification of earth-work will be expedited.

The Committee, in their 40th Report (2nd Lok Sabha) have now observed as under:

> "Further progress may be awaited."

The present position in regard to the action to be taken against the officers involved in Manoharpur-Rourkela and Rajkharswan-Barajamda Sections is given below. As regards Naomandi-Banspani Section, action has already been finalised, as indicated in Ministry of Railways' Memorandum submitted to the Committee, in reference to Lok Sabha Secretariat's Office Memo. No. 2/IX/7/61/PAC dated 30th November 1961, (copy enclosed for ready reference):—

MANOHARPUR-ROURKELA SECTION:

The report of the oral Enquiry Committee held into the charges against the District Engineer involved in this case has been received and is under the consideration of the Railway Board.

MANOHARPUR-ROURKELA SECTION:

It has been tentatively decided to withhold about Rs. 1300/- representing 10% of the special contribution to Provident Fund

1844 (Aii) LS.—8

otherwise payable to the District Engineer involved in this case. The explanation of the officer has been called for as required by the rules in this connection. On receipt of the officer's reply a final decision will be taken by the Railway Board in consultation with the Union Public Service Commission.

This has been seen by Audit.

APPENDIX XVI

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SL. No. 14 OF APPENDIX II)

No. 62-TGIII, 606. *New Delhi, dated 4th July, 1962.*

To

The General Managers,

All Indian Railways.

SUB: *Catering and vending contracts—fixation/revision of licence fees.*

A reference is invited to Board's letter No. 58-B(C)-3081 dated 30th June 1960, in which the following comments of Audit were circulated to the Railways:—

> "Audit is of the view that when rates and any important conditions of a contract, fixed on the basis of open tender or otherwise, are liberalised, the precise reasons and the data on which such liberalisation is decided upon should be kept on record".

In Board's further letter No. 61. TGIII/606 dated 8th April 1961, the Railways were apprised of the recommendations of the Public Accounts Committee of the Lok Sabha in their 33rd Report, in which the aforesaid views of the Audit were endorsed (as S. No. 27 of the Summary of the Committee's recommendations).

2. Board's above-mentioned letter of 8 April 1961 also reproduced the following comments in the same report of the Public Accounts Committee (figuring as S. No. 23 of their Summary of recommendations).

> "28. The committee consider that adequate safeguards should be provided in the revised procedure to ensure that contracts for catering and vending are not amended arbitrarily to the disadvantage of the Railways. With this end in view, they suggest that systematic procedure should be laid down by the Railway Board for the collection and review of data and their consideration at a proper level in consultation with the Financial Adviser."

It was stated in Board's aforesaid letter of 8 April 1961 in regard to the above recommendation, that a further communication would follow.

3. The case in question leading to the aforesaid recommendation No. 28 of the Public Accounts Committee, occurred on the Western Railway in 1951-54 *i.e.*, before the revised comprehensive directions in Board's letter No. 1026-TG/56/EC/12 dated 29th August, 1957, were issued. Prior to the issue of these orders of 1957, the position was governed by the orders issued in 1950 and 1951 on the basis of recommendations of the Central Advisory Council for Railways in 1950 and the discussions at the meeting of the Commercial Committee for Interchange in 1951. According to these orders, the fixing of reasonable licence fees was left entirely to the Railways, who were directed not to let out contracts on the basis of tenders. In 1955-56, however, the High Powered Commmittee on Catering, appointed by the Ministry of Railways recommended that, while the license fees were not to be treated as revenue; reasonable fees should be charged having regard to the turn-over, with a view to meeting the Railways' expenses in connection with the running of services and the supervision and inspection of these establishments. Having regard to these recommendations and also the recommendation in more or less similar terms made by the Estimates Committee, the Board's orders of 29 August, 1957, prescribed that reasonable license fees should be fixed by the local Railway Administration for each catering and vending establishment, taking all relevant factors into account, such as, estimated sales and profits, the size and importance of the station, etc. and also that the license fees should be fixed by an officer not below Senior Scale rank. The same orders of 29 August, 1957, enjoined recovery of rent, water and electricity charges; the position regarding recovery of rent has been further clarified in Board's letter No. 62. TGIII/606 of 15 February 1962.

4. The Railway Board desire that, for the purpose of practical implementation of Board's orders of 29 August 1957, the officers concerned should keep on record, from now on, indicating at least roughly the relevant factors on the basis of which a license fee is fixed, instead of recording merely a conclusion about the license fees to be charged according to their judgment. The maintenance of such a record will ensure the objective of the Public Accounts Committee that contracts for catering and vending are not altered arbitrarily to the disadvantage of the Railway. Wherever any change is proposed to be made for reducing license fee or other charges (such as rent, etc.) recoverable from a catering or vending

contractor, the decision should not be taken except in consultation with the concerned Accounts or Finance officer. In cases where the fee is fixed for the first time and where the amount recoverable annually on account of the license fees, rent of the premises, furniture and other equipment etc. exceeds Rs. 1,000, the Accounts Officer concerned should be associated with the decision of the Senior Scale Traffic Officer.

5. The receipt of this letter may be acknowledged.

(K. N. CHENNABASAPPA),

Joint Director, Traffic (Genl.)
Railway Board.

No. 62. TGIII/606 *New Delhi, dated the 4th July* 1962.

Copy (with 105 spare copies) forwarded to A.D.A. (Rlys), New Delhi, for information.

D.A. 105 spare copies.

(K. N. CHENNABASAPPA),
for *Secretary, Railway Board.*

APPENDIX XVII

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SL. No. 16 OF APPENDIX II)

MEMORANDUM

REG:—*Item 56 contained in Appendix I to the 40th Report of the P.A.C.—Delay in the recovery of interest and maintenance charges for a siding.*

In continuation of the remarks furnished to the Lok Sabha Secretariat in the Memorandum forwarded with Railway Board's O.M. No. 61-B(C)—PAC.II/33(30) dated 27-12-61 (copy of the Memorandum is attached), it is stated that, on a joint application by both the parties, the court agreed to further extension of time by four months for the Arbitrator to file his report, which was thus due by 15-5-62. The court had fixed the hearing of the case on 18-6-62, which has now been fixed on 15-8-62.

2. In the meantime negotiations with the firm have been successful and have resulted in certain tentative agreements in regard to payments due to the Railway. After getting the Railway Solicitors' final advice, the court would be moved once again, through the Arbitrator, to consider the Agreement arrived at as a result of negotiations referred to.

3. This has been seen by Audit.

MEMORANDUM

REG:—*Para 49(iii)—Serial No. 30—33rd Report (Second Lok Sabha) of the Public Accounts Committee.*

In continuation of the remarks furnished against item (iii) of Board's Memorandum on the Recommendation under reference, it is mentioned that, on the firm's objection to the Arbitration Award, the court in its order dated 13th September, 1961 directed that the Award be remitted to the Arbitrator for reconsideration of all the terms mentioned in the letter of reference of the Colliery Company. Pursuant to the Court's order, further hearings were held by the Arbitrator at Bombay in the 1st week of November, 1961. During

the course of the hearings, the Counsel for the Colliery Company suggested that the further hearing, both before the arbitrator as well as in the Court, may be adjourned indefinitely so that the representatives of the Railway and the Colliery Company may, in the meantime, meet with a view to exploring, without prejudice, the possibilities of an amicable settlement outside the Arbitration and Court proceedings. This was accepted by the Railway, and the Arbitrator postponed further hearing *sine die*. On a joint application by both the parties, the Court has also agreed to an extension of time till 15th January, 1962. Negotiations with the Company are thus likely to be held shortly.

This has been seen by Audit.

Sd/-
(K. S. BHANDARI),
Director, Finance, Rly. Board.

NEW DELHI, Dated —12-1961.

Case No. 61-B(S)—PAC. II/33(30).

APPENDIX XVIII

MINISTRY OF RAILWAYS
(RAILWAY BOARD)
(SL. NO. 23 OF APPENDIX II)

MEMORANDUM

REG.:—*Recommendation No. 1 contained in App. XIV—Summary of recommendations/conclusions—contained in the 40th Report of the Public Accounts Committee (2nd Lok Sabha).*

The conclusion of the Committee is drawn from their observations in para 5 of the Introduction to their 40th Report. In the aforesaid para, the Committee have referred to para 5 of their 33rd Report, wherein the Committee had highlighted the delays occurring on Railways in drawing up of contracts and their execution. The Committee had then recommended that such cases could be avoided by streamlining the procedure. While noting the Committee's recommendations, the Ministry of Railways (Railway Board) had submitted, in reply [*vide* Office Memorandum No. 61-B(C)—PAC. II/33(1) dated the 18th May, 1961] that the procedure for drawing up of and execution of contracts was constantly under the Railway Ministry's review and that necessary instructions for providing improvements in the said procedure were issued from time to time. Copies of the instructions issued in this context during 1960 and part of 1961 were also furnished to the Committee for their information.

The Ministry of Railways would respectfully submit that the cases mentioned in para 5 of the Introduction to their 40th Report, occurred prior to the issue of the said instructions. As a result of the concurrent review of the procedure for execution of contracts, the Ministry of Railways have also issued further instructions to the Railways covering various aspects of the matter (copies* of the instructions are enclosed for ready reference). The Ministry of Railways, therefore, fully hope that, with the issue of the various instructions referred to, the position regarding drawing up of contracts and their execution will improve progressively and that lapses such as those under reference will be substantially reduced if not altogether obviated.

This has been seen by Audit.

---

*Not printed.

APPENDIX XIX

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SL. No. 24 OF APPENDIX II)

REG.:—*Conclusions/recommendations Nos. 2 & 28 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha).*

These general recommendations of the Committee arise out of the specific cases referred to in paras 38 to 43 of the Committee's report dealing with the unsatisfactory position of recovery of interest and maintenance charges on Eastern, North Eastern, North-East Frontier and Northern Railways. Separate Memoranda have been submitted to the Committee by the Ministry of Railways in reply to the specific recommendations of the Committee on the question of recovery of the charges on the individual Railways. From these Memoranda it will be seen the Railways have now taken this matter in hand, with a view to effecting speedy improvement. The Ministry of Railways would therefore respectfully submit that it may not be necessary *yet* to appoint a special team from the Railway Board to review the old agreements and bring them over to the new pattern. The Railway Board agree that a target date should be fixed for this purpose and instructions to this effect have been issued. (Copy of the D.O. letter issued to the General Managers Eastern & Northern Railways is enclosed). The recommendation of the Committee regarding a special team from the Centre will be kept in view for implementation as necessary in the light of the progress that will be made by the target date.

This has been seen by Audit.

Copy of D.O. letter No. 62-B(C)-PAC. II/40(2/28) dated 9th July, 1962 from Shri C. T. Venugopal, Financial Commissioner, Railways, addressed to Shri M. M. Khan, General Manager, Eastern Railway, Calcutta.

SUB.:—*Para 27—Railway Audit Report, 1961—Delay in the recovery of interest and maintenance charges in respect of assisted sidings—Serial numbers 2, 25 and 28 of the Summary of*

main conclusions/recommendations of the 40th Report of the Public Accounts Committee (as contained in Appendix XIV of the Report).

REF.:—*Venkataraman's D.O. No. C. 449/O/Vol. IV/Der dated 6-7-1962.*

The Board note that some progress has been made in the matter of recovery of interest and maintenance charges from siding owners. They desire, however, that the progress should be accelerated, so that the arrears are liquidated entirely by 31-3-1963, which may be taken as the target date for this purpose. You will appreciate that, in order to achieve this, personal contact with the parties at the level of your Heads of the Departments concerned and even at your level would be necessary.

Kindly send an interim report of the progress made, to reach me in early January, 1963. The final report, indicating the achievements by the target date, should reach me by April, 1963.

Copy of D.O. letter No. 62-B(C)—PAC. II/40(2)28) dated 9th July, 1962 from Shri C. T. Venugopal, Financial Commissioner, Railways, addressed to Shri G. P. Bhalla, General Manager, Northern Railway, New Delhi

SUB.: *Para 27.—Railway Audit Report, 1961—Delay in the recovery of interest and maintenance charges in respect of assisted sidings—Serial Numbers 2 and 27-28 of the Summary of main conclusions/recommendations of the 40th Report of the Public Accounts Committee (as contained in Appendix XIV of the Report).*

REF.:—*Sarma's D.O. No. FX/18/61-B dt. 3-7-62.*

The Board note that some progress has been made in the matter of recovery of interest and maintenance charges from siding owners. They desire, however, that the progress should be accelerated, so that the arrears are liquidated entirely by 31-3-1963, which may be taken as the target date for this purpose. You will appreciate that, in order to achieve this, personal contact with the parties at the level of your Heads of the Departments concerned and even at your level would be necessary.

Kindly send an interim report of the progress made, to reach me in early January 1963. The final report, indicating the achievements by the target date, should reach me by April, 1963.

APPENDIX XX

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SL. No. 25 OF APPENDIX II)

No. 62-B(C)—PAC. II/40(4/37). *New Delhi, dated* 17-5-1962.

To

The General Managers,
All Indian Railways.

SUB.:—*Non-observance of rules and instructions regarding the working of travel agents and city booking agents.*

REF.:—*Railway Board's letters No. TCII/2091/60/I dated* 21-2-61 *and No.* 59/*A.C. III/25/27 dated* 30-6-1961.

A copy of the recommendations (items 4 and 37) made by the Public Accounts Committee on the above subject, together with relevant paras (50 to 59) is enclosed for your information and guidance.

The Board desire to reiterate that the Railways should ensure that the rules and instructions on the supervision of the working of the travel agents, city booking agents, etc. should be adhered to by the officers and staff at all levels and that any lapses noticed in this regard should be viewed seriously.

An acknowledgment is solicited.

(V. SRIRAMAN),
Dy. Director, Traffic (Comml.),
Railway Board.

No. 62-B(C)—PAC. II/40(4/37). *New Delhi, dated* 17-5-1962.

Copy (with 105 spare copies) forwarded to the A.D.A.I. (Railways), New Delhi for information.

(V. SRIRAMAN),
Dy. Director, Traffic (Comml.),
Railway Board.

Copy to TC-II and A/Cs III Branches of Railway Board.

APPENDIX XXI

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SL. No. 32 OF APPENDIX II)

MEMORANDUM

REC.:—*Recommendation No. 11 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha)—Suspense Balances—para 14 of Railway Audit Report, 1961.*

(i) Noted.

(ii) The Committee's recommendations have been noted. Instructions have been reiterated to the General Managers of all Indian Railways demi-officially *vide* Board's D.O. letter No. 61 AC. III/31/1, dated 13th February, 1962* for devising adequate machinery for effectively tackling this problem and clearing outstanding items upto 1956-57 expeditiously. It is fully hoped that a noticeable improvement in the Suspense Balances will result.

(iii) The observations of the Committee have been circulated to all Indian Railways for guidance *vide* Board's No. 61 AC. III/31/1, dated 13th June, 1962*. Apparently the Public Accounts Committee have made these observations in reference to item No. 1 under 'Miscellaneous advances' (Capital and Revenue) given in Para. 14 of the Audit Report, 1961 *viz.* raw materials issued to contractors for fabrication or manufacture of finished products. It may be mentioned that as against the outstanding of 35·7 lakhs under items awaiting clearance for more than 2 years on 31st March 1960, as shown in Para 14 of the Audit Report, the balance has since come down to 23 lakhs on 31st March, 1961 (*i.e.*, at the end of the last year for which completed accounts are available so far).

This has been seen by Audit.

*Not printed.

APPENDIX XXII

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SL. NO. 33 OF APPENDIX II)

Annexure 'A'

MEMORANDUM

REG.:—*Conclusions/recommendations Nos. 12 to 14 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha) —Para 19 of the Railway Audit Report, 1961—Import of wooden sleepers from U.S.A.—Defective supplies.*

Introductory remarks

The Committee in paragraph 16 of their Report have deferred comments in this case pending the final outcome. The Ministry of Railways' comments herein are therefore confined to brief general observations dealing with certain incidental remarks of the Committee.

Recommendation No. 12

The Ministry of Railways are still not in a position to report the final outcome of the case, of which, it is expected, there will be some indication by the end of July 1962.

2. As recognised in the Audit Paragraph, the bulk of the sleepers had necessarily to be kept in storage because of the stipulation in the guarantee clause of the contract that "the guarantee will not apply to any material which shall have been repaired or altered by the purchaser or on his behalf, in any way, so as to affect its strength, performance or reliability or to any defect to any part due to misuse, negligence or accident." In this background, the time taken in obtaining legal opinion and in the correspondence with the supplier to persuade them to come to terms, was largely unavoidable.

This will be clear from the Appendix-I enclosed which explains in chronological sequence, the time taken before it was decided to refer the matter to arbitration. It will also be seen from the Appendix-I, how at the earliest opportunity, after some initial unavoidable correspondence, the Suppliers were invited to send a representative to inspect the sleepers to their satisfaction.

3. The Railway Ministry would like to assure the Committee that precautions have been taken to keep the tops of the sleepers duly covered with a thick layer of cynder to obviate accidents like fire. The claim on account of deteriorated sleepers has been included in the claim against the suppliers. The claim has been framed with reference to payment equivalent to the landed cost of such of the sleepers as have deteriorated, *plus* the cost of wrapping and re-treatment of the rest of the sleepers.

Recommendation No. 13

Suitable instructions have been issued in the matter, to obviate such lapses in future. (copy of instructions is enclosed).

Recommendation No. 14

The contractual provisions regarding making of final payment for the sleepers, after the lapse of a certain period, was modelled on the lines of a few other contracts for procurement of rails etc. in which, despite the absence of stipulation for withholding the final payment for supplies if defects are noticed later, it has been possible to come to terms with the suppliers regarding defective supplies being made good at their cost. The Ministry of Railways admit that a provision for withholding of final payment to cover possible defective supplies, might have been made in the present case, but it may be appreciated that the transaction was entered into in the background of acute shortage of sleepers to meet the requirements of Indian Railways in the Second Plan period, and in this background it was evidently not possible to get the suppliers to agree to meticulous and stringent terms. In the generality of supply contracts of this nature, there is in fact, provision either for withholding the final payment (residual 10 per cent payment) to cover possible defective supplies which may come to notice or for making the final 10 per cent payment under coverage of a bank guarantee in favour of Indian Railways extending over a reasonable period.

This has been seen by Audit.

Appendix —I

Chronological account of the progress of disposal of the complaint about defective supplies of American Sleepers.

7th June, 1958. Date of signing of the Contract with M/s. Transatlantic Timber & Trading Corporation.

November, 1958. Shipment of sleepers started from American Ports.

January, 1959. First consignment reached Bombay by the end of January, 1959.

26th June, 1959. Complaint received in Board's office from the Central Railway to the effect that 52 per cent of the 10,000 sleepers which had been laid in the suburban track of Bombay Division had developed large longitudinal cracks after they had been in the track for about a month.

27th June. 1959. I.S.M. Washington was informed by cable by the Railway Board about the sleepers having been found defective.

9th July, 1959. The Railway Board sent a letter to I.S.M. explaining the defects in the sleepers and requesting them to take up with the suppliers in terms of "Guarantee" clause in the Annexure to the contract.

The Forest Research Institute, Dehradun was also addressed to carry out an on-the-spot inspection of the sleepers along with an Engineer of the Central Railway, with a view to ascertain the cause of the cracks developing in the sleepers.

15th July, 1959. First report about the defective supplies were made to the suppliers by I.S.M. Washington.

19th August, 1959. The Forest Research Institute submitted a preliminary report in which it was stated that the longitudinal cracks in the Sleepers were caused by two factors—(a) that about 70 per cent of the sleepers had either box-heart or heart share and (b) that the sleepers had a high moisture content (about 50 to 60 per cent).

24th August, 1959. Arrival of last shipment in Bombay.

3rd October, 1959. The Board addressed the suppliers on 3rd October 1959, pointing out the defects reported by the Forest Research Institute and calling for their comments thereon.

3rd November, 1959. The firm gave a detailed reply reiterating that they had fulfilled the contract in all respect in the very best way as per the specifications.

18th January, 1960. After answering the points in the firm's letter of 3rd November, 1959 they were asked to replace the defective sleepers in terms of clause 8 of the standard conditions of contract. At the same time they were also asked to satisfy themselves by sending a representative of theirs to inspect the sleepers, if they so desired.

11th February, 1960. The firm in their reply amplified their observation on the technical issues previously raised by them and again reiterated that the sleepers supplied were fully in accordance with drawings and specifications.

3rd April, 1960. The President, Forest Research Institute, Dehradun was addressed to give his comments on the points raised by the American Firm.

21st April, 1960. President F.R.I.'s Dehradun observations were received.

18th June, 1960. After further personal discussion of the technical aspects of seasoning and preservative treatment, between the officers of the Railway Board and F.R.I. Dehradun, a very detailed letter was issued to the firm refuting every one of the points of contention of the firm and establishing the firm's failure to remove the moisture content in the sleepers sufficiently during the treatment. The firm was again requested to arrange for the immediate replacement of the sleepers under the guarantee clause.

23rd September, 1960. As there was no response to Board's letter of 18th June, 1960 notice of arbitration was served on the firm.

6th October, 1960. The firm asked for extension of time to reply to Board's letter of 18th June, 1960.

22nd November, 1960. Extension of time was granted upto 15th December, 1960.

9th December, 1960. Without touching any more on the technical aspects of the case, the firm sought legal cover on the basis of their

own tender conditions without reference to the actual contract provisions and argued that there was no question of any liability on their part for any replacement. (This was received in Railway Board's office on 19th December, 1960).

24th December, 1960. A reference was made to the Ministry of Law suggesting that the Railway Board's nominee should be declared as sole arbitrator and requesting them to get the relevant draft letter to be issued in that connection.

3rd January, 1961. The Ministry of Law desired that the legal position in the United States on a few points should be got clarified by the legal advisers to the I.S.M., Washington, before further action was taken.

12th April, 1961. First letter dated 24th March 1961, containing the advice of the legal Advisers attached to the I.S.M., Washington was received.

18th April, 1961. Case referred to the Ministry of Law by the Railway Board.

6th June, 1961. Law Ministry's advice on further action received.

14th June, 1961. File was referred back to Law Ministry asking them to consider revised opinion expressed by the American Legal Advisers in their subsequent letter since received.

21st July, 1961. After mature consideration and personal discussion the Law Ministry advised that a further notice may be sent to the other party.

28th July, 1961. A further opportunity was accordingly given to the firm to nominate their arbitrator.

10th August, 1961. The firm asked for extension of time to reply to Board's communication of 28th July, 1961.

30th August, 1961. The Railway Board agreed to extension of time until 15th October, 1961.

12th October, 1961. The firm in a cable reiterated their earlier stand that their responsibility was over with the acceptance of the sleepers by the Inspecting Authority and shipment thereof and therefore, there was no ground for arbitration.

15th November, 1961. The President of India appointed Shri C. R. Ranganadhan as sole arbitrator under Section 9(b) of the Arbitration Act 1940 for dealing with the issues.

18th November, 1961. The Arbitrator entered on the reference and called for the submission of statement of claim on behalf of the Union of India.

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(Railway Board)

No. 62/W6/MSW/11. *New Delhi, dated 7th July,* 1962.

To

*The General Managers,
All Indian Railways (including C.L.W.,
D.L.W. & D.B.K. Railway Projects).

*The General Manager & Chief Engineer,
Railway Electrification Project, Calcutta.

*The Chief Administrative Officer,
Integral Coach Factory,
Perambur, Madras.

SUB: *Inspection of Stores.*

In connection with an agreement entered into with an American firm for the supply of wooden sleepers from U.S.A. the Public Accounts Committee, in its Fortieth Report, have made the following observations:—

(i) The Committee cannot accept the plea that the provision regarding inspection of stores included in the contract for sleepers imported from U.S.A. was to the advantage of Government financially. In their opinion, inspection, if it is to serve the intended purpose, should be independent of the seller and the cost thereof is only of secondary importance.

(ii) The Committee consider that the terms, as regards inspection in contracts, should be so framed as to ensure the independent characteristic of the inspection on behalf of the buyer. They endorse the view of the Ministry of Works, Housing & Supply that where the India Supply Mission is called upon to arrange inspection or

*In duplicate.

shipment of stores, the Railway Board should consult the Mission on the relevant clauses regarding inspection in order to avoid practical difficulties in their execution of which the Mission would be best aware; and where time does not permit such consultation the Ministry of Works, Housing & Supply should invariably be consulted.

The Board have carefully considered the above observations and have decided that the future contracts should not include any provision to the effect that the cost of inspection will be borne by the seller. It has also been decided that in future in respect of contracts where the India Supply Mission is required to arrange for inspection or shipment of stores, the I.S.M. should be consulted before the relevant clauses of the contract are finalised and in cases where time does not permit of such consultation, the Ministry of Works, Housing & Supply should invariably be consulted.

The receipt of this letter may kindly be acknowledged.

(R. M. SAMBAMOORTHI)
Joint Director (Track)
Railway Board.

D.A. Nil.

No. 62/W6/MSW/11. *New Delhi, dated 7th July,* 1962.

Copy for information and guidance to all Officers and Branches of the Civil Engineering, Electrical Engineering, Mechanical Engineering, Signalling & Telecommunication and Stores Directorates of the Railway Board.

(R. M. SAMBAMOORTHI),
Joint Director (Track),
Railway Board.

D.A. Nil.

APPENDIX XXXIII

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 36 of Appendix II)

MINISTRY OF RAILWAYS

RAILWAY BOARD

MEMORANDUM

Serial Nos. 15-18 of the summary of main conclusions/recommendations of the 40th Report of the Public Accounts Committee (Appendix XIV of the Report).

SUBJECT:—*Imports of wooden sleepers—from Australia—defective supplies—Para 19(ii) of the Audit Report, Railways, 1961.*

Introductory Remarks:

The facts of the case are set forth in detail both in the Audit Report and in the PAC's Report (Paras 19 to 23) as well as in the proceedings of the 9th sitting of the Public Accounts Committee held on 12th July 1961 (embodied in the Report). There is little to add by way of factual information. But the Ministry of Railways would like to recapitulate briefly the facts, in so far as they relate to S. No. 15 to 17 of the conclusion, for the Committee's further consideration, before the Government come to a conclusion in regard to the course of action, if any, to be followed.

2. The submission of the Ministry of Railways in the ensuing paragraphs, in brief, is that the action taken at different stages of this case can be judged adequately only in the background of the acute need of the Indian Railways for sleepers in 1957-60 and the consequent anxiety of all concerned to secure whatever quantity of sleepers could be secured, at reasonable prices, in species such as could technically be regarded as suitable. The anxiety of the Australian authorities to secure the verdict of the Indian Railways in favour of the technical acceptability of the three species in question is also understandable in the interest of their export trade. The question of suitability of these species of Australian timber for use as sleepers was taken up actively by the Australian Government through their High Commission who continued to press the Railway Board for a final decision, regardless of the commitment of

their contract, as a matter of their National interest. The opinion in regard to the technical acceptability of the aforesaid three species for use as sleepers was conveyed by the Railway Board to the Australian High Commission on the strength of the Timber Adviser, Railway Board's clear advice, which was based on the discussions with the President, Forest Research Institute, Dehra Dun and confirmed by the President, F.R.I's letter of April 1960.

3. The actual behaviour of the sleepers of the three species in track since then has also generally shown no defects. The reduced price paid for these species compares favourably—after making due allowance for the fluctuations in the price of timber in the interval —with the prices which were secured recently, through auction, of even sleepers which had been rejected as being wholly unacceptable for use.

4. Incidentally, the total supplies of sleepers by all the Australian firms were about 14½ lakhs—against orders for 18½ lakhs—which included some 51,000 sleepers (representing barely 3½ per cent. of the total supplies) of the three species under reference. In money value, out of a total payment of about Rs. 250 lakhs—as F.O.B. price —made for the Australian sleepers, the payment for the three species of sleepers at reduced price was only Rs. 8·20 lakhs, which would have been Rs. 10.95 lakhs if paid for at the prices fixed in the contract. Taking the two particular Australian firms, they supplied 2.84 lakhs of sleepers in species covered by the contract, while a further lot of about 51,000 sleepers in the three species in question were accepted from them at reduced prices outside the contract. While the proportion of additional supplies outside the contract to the total supply was insignificant (3½ per cent), the benefit to Indian Railways in the availability of 51,000 sleepers at the time of acute shortages was significant.

5. In all the circumstances, the Ministry of Railways respectfully submit that, viewing the transaction as a whole in the background of the foregoing facts, no concessions were shown to either of the Australian suppliers.

Serial No. 15 of the summary of main conclusions/recommendations of the Public Accounts Committee

"In the opinion of the Committee inclusion of even a conditional acceptance in the contracts of the species of sleepers which had been excluded in the call for tenders was a concession to the suppliers".

Comments:

The reference to the conditional acceptance evidently is to the introduction of the following Clause 'C' in Annexure I to the con-

tract with two Australian firms. "C. The offer referred to in article 5 of this contract is subject to the acceptance of the following additional species in Class III,

Blackbutt	Eucalpytus	Pilularis
White Stringybark	,,	eugeniodes
Wellow Stringybark	,,	muelleriana

after further study of the technological behaviour of these species. Should, however, these species prove unacceptable, the offer may be reduced by 33·1/3 per cent at the option of the seller".

2. The Ministry of Railways respectfully submit that the above clause can only be taken as an expression of a discretion vesting in the buyer (namely, the Government of India) and that there was no question of the suppliers insisting on investigation of the technical aspects to their satisfaction. Under this clause, the suppliers were let off from supplying one-third of the quantity to be supplied under the contract if the three species in question were not accepted. To that extent only, if at all, there was a concession. The inclusion of the clause was dictated by the consideration that otherwise there was a risk of the Railways not getting any supplies at all due to the possibility of the East Australian suppliers resiling altogether from the contract. The inclusion of the clause was, in fact, explained more or less currently in the then Director, Railway Stores' note of 9-6-1958 submitted to the Board. The then Additional Member, Finance, who saw the aforesaid note, was evidently satisfied that no concession was involved.

3. One significant fact, to which the Railway Ministry would like to draw attention, is that the acceptance of the three species was a transaction made expressly outside the contract. In the working of the contract itself, the clause was not quoted or availed of.

4. In para 20 of the PAC's main report, it has been suggested that "apparently, because of this extraneous clause in the contract, the firms shipped sleepers of the unapproved species despite the rejection of their request, in October 1958, for the inclusion of these species in the approved list". The Ministry of Railways would like to clarify that the despatch of the species in question, in advance of their technical acceptance by the Railway Board, was expressly pointed out to the suppliers as being incorrect in various warnings sent to them from time to time (as listed in Annexure 'A' enclosed). The Ministry of Railways had also been advised by the Ministry of Law, on 24th July 1959 that, in the face of Railway Board's letter to the suppliers of 29th October 1958, and by earlier letters in which

the three species were clearly stated to be not acceptable to the Government of India, any supply of these unapproved species after the receipt of those letters "amounted to a breach of the contract". In the circumstances, the clause in the contract did not in any way constitute a provision which could have encouraged the suppliers to make shipments of the three species in question. Audit have observed as follows:

"S. No. 15.

The Railway Board have explained that the inclusion of the conditional clause was dictated by the consideration that otherwise there was a risk of the Railways not getting any supplies at all and that the Australian Firms shipped sleepers of these species in spite of repeated warnings from the Railway Board. It may, however, be stated that the contracts were placed after an invitation of the global tenders which specifically excluded these three unapproved varieties. It is not evident from the records at the time what reasons there were for the apprehension of the Railways not getting any supplies from these contractors if this conditional clause was not inserted. The inclusion of this clause, therefore, in the contract for only these two firms was a clear concession to the suppliers."

Annexure 'A'

Chronological list of communications touching on the non-acceptability of the three disputed species under the contract.

The various communications issued in chronological order may be of interest.

(i) 2-7-1958.—The East Australian firms were informed that, on no account whatsoever, the 3 species will be acceptable without further technological examination.

(ii) 24-7-1958.—The Secretary, Forestry Commission of N.S.W. (Inspecting authority under the contract) was informed that the 3 species were not acceptable to the Indian Railways.

(iii) 21-8-1958.—In a wireless message to M/s R. J. White & Co. dated 21-8-1958, they were asked to ship accepted species only according to contract and that the additional 3 species were not acceptable.

(iv) 27-9-1958.—M/s R. J. White were specifically told that they should arrange supplies in the agreed species.

(v) 29-10-1958.—*All the firms were informed that it had been decided that sleepers of the 3 disputed species were not acceptable to the Indian Railways.* (This was based on Timber Adviser's opinion).

(vi) 9-2-1959.—The two firms were informed that, as already intimated on 29-10-1958, these species were not acceptable and they should make supplies in the other species as per terms of the contract. (This was based on Board's orders).

(vii) May, '59.—During spot checks of the sleepers loaded by the two firms, the Indian Inspector objected to the loading of track sleepers of the 3 species which were not approved by the Board. Notwithstanding these objections, the firms allowed the cargo to proceed.

(viii) 23-7-1959.—M/s R. J. White were warned that consignments containing these species will not be accepted and shipments of such consignments will be at their own risk as to consequences.

(ix) 5-8-1959.—The firms were told that their action, in spite of Board's clear instructions earlier that the sleepers of these species were not acceptable to the Indian Railways, was not justified and that no payment will be made for such sleepers and any further shipments of the same will also be rejected and the contract will be terminated at their risk and cost.

(x) 24-9-1959.—The Board intimated their inability to revise their earlier decision that the said 3 species were not acceptable to them.

Serial No. 16(i) of the Summary of main Conclusion/Recommendations of the P.A.C.

"The Committee feel that, by giving the instruction that the consignee Railway in India 'could work on the assumption that the two species will eventually be accepted', the Member Engineering had acted beyond his powers. These instructions had, in fact, turned out to be tacit encouragement to the firms for sending further shipments of the unapproved species."

Comments:

The reference to the instructions to the Eastern Railway is evidently to the note recorded by the Senior Dy. General Manager of the Railway on 28th May 1959 giving a gist of Member (Engineering)'s telephonic conversation from Melbourne. For the proper

interpretation of this telephonic conversation, it is necessary to elucidate the context in which the Member Engineering rang up from Melbourne. On the 27th and 28th of May 1959 he found that there was a strong feeling of resentment against the Indian Railways for stoppage of 90% payment against shipments and for refusal to unload sleepers from the ships which had already reached Calcutta, thus rendering either the consignors or consignees liable for heavy demurrage charges. In order to know the exact facts he rang up the Eastern Railway and told the Senior Deputy General Manager that because of the dispute on species on proportions of different classes, we must not incur demurrage by refusing to unload the consignments. He added that whereas the question of species and proportions could be later sorted out, the additional charge on account of demurrage etc. would be irrecoverably lost. In regard to the disputed species he mentioned that he was assured of their suitability and had in mind reconsideration of their acceptance on return to Delhi.

2. If the Member (Engineering) had given any direction that the three species *should be accepted*, it might be considered that he had exceeded his powers on the ground that he had authorised acceptance of species which had been ruled out in the tenders originally approved by the Government. There was, however, no such direction, and he was merely expressing his own tentative technical opinion as evident from the expression used "very likely he will *recommend* the acceptance of the species". As the highest technical authority within the Railway Ministry who was responsible, *inter alia*, for specifications, quality, etc. of track materials, it was open to him to indicate what he thought he would recommend as being technically suitable. In fact, he had himself, in February 1959, passed orders that the three species were not to be accepted. It may also be clarified that, prior to 28th May 1959, the date on which the telephonic conversation in question took place, the first shipment of the unapproved species of sleepers had already taken place and the shipment was about to be unloaded at Calcutta Port. Subsequent to the telephonic conversation and before further shipment of the unapproved species could take place, the Australian firms had been very categorically warned, both by the Eastern Railway as well as by the Railway Board, that consignments containing these species would not be accepted. In the circumstances, there was clearly no encouragement, even of a tacit character, for the firms to send further shipments of the unapproved species. The Railway Ministry's representatives clarified this particular aspect in their submission before the Committee by explaining that any rejection, or return, of a mixed shipment, containing approved and unapproved species, would involve avoidable liability for the Railways in the

shape of demurrage on the proportionate supplies corresponding to the approved species. The anxiety of the Member (Engineering) to avoid this liability, if possible, will be appreciated.

3. It may be added that, in expressing his tentative opinion, the Member (Engineering) had reasonable grounds at that stage for forming such an opinion in regard to the technical acceptability of the three species. The Indian Railway's oversight Inspecting Officer posted in Australia had reported to the Railway Board even in November 1958, after an inspection, that Blackbutt and White Stringybark sleepers had behaved well in track and that the sleepers inspected by him had been in service since 10 years and could be expected to give additional 10 years' service. The Inspecting Officer, who was still in Australia at the time of the Member (Engineering)'s visit, no doubt, submitted these findings afresh to the Member (Engineering), whose attention was also specifically drawn by the Australian authorities to their publication "Timber Engineering Design Handbook" issued by Timber Mechanics Laboratory, CSIRO. Earlier, on 11th March 1959, the Australian High Commissioner had sent to the Railway Board the same Handbook, indicating *inter alia* that the three species compared favourably with Jarrah of Western Australia—an accepted species. A further evidence which was handy with the Australian authorities was what the Director General of Forests and Timber Bureau, Canberra, had stated in his letter of 12th March 1959, pointing out that timber from mature trees of the three species would give an average life of 20 years in a well ballasted and well drained track. Further, the Commissioner, New South Wales Railways, in a letter dated the 26th May 1959, signed by him personally, repudiated the competence of his Comptroller of Stores to assess the life of these sleepers and stated that it would be reasonable to assess the life of Blackbutt and White Stringybark as 12 years, if unplated, and 15 to 16 years if sleepers plates are used; this was on the authority of his Chief Civil Engineer, who is charged with the maintenance of track and as such the competent officer to offer any opinion on the prospect of life of sleepers.

4. With the benefit of all the aforesaid information readily available in Australia, as also on the basis of reports from three different quarters—the Forestry officials, Australian Railway Engineers and our Inspecting officers in Australia, the Member (Engineering) could reasonably be expected to express a tentative opinion, which he made it clear would be no more than a recommendation from him. Considering that the initial acceptance of other species in the tender, and the rejection of these three species, was based largely on their

average life expectancy as deduced from various reports, the Ministry of Railways would submit that the expression of a technical view by the Member Engineering had the greater merit of all the relevant data having been studied in much greater detail.

5. The Railway Board have also made further enquiries in regard to a complaint made by one of the Divisional Superintendents/Eastern Railway at an earlier stage indicating that about 15% of the sleepers of those species had cracked. The Committee drew attention to this during the meeting (para 22 of PAC's Report). The results of the enquiry have confirmed that the sleepers in question have behaved well in track. According to the reports of the Chief Engineer of the Railway (copies * enclosed), the spike-holding properties of these sleepers had been found to be adequate and in fact superior to the locally treated sleepers being used currently. These sleepers, which had been laid on the most heavily worked Grand Chord Section, have not shown any signs of deterioration.

Annexure I

Copy of D.O. letter No. 61|W6|MSW|15 dated 11|12th May, 1962 from Shri C. T. Venugopal, Additional Member, Finance, Railway Board, New Delhi, addressed to Shri P. S. Venkataraman, Sr. Deputy General Manager, Eastern Railway, Calcutta.

I understand from Khan that he had remitted to you, for enquiry and report to me, a point raised during the July, 1961 meeting of the Public Accounts Committee regarding the alleged complaint from a Divisional Superintendent of your Railway about the unsatisfactory behaviour of some of the Australian sleepers laid on the line. You must have also since seen the proceedings of the Public Accounts Committee contained in para 113 of their Fortieth Report (extract enclosed for ready reference) indicating that the Chairman, Railway Board had promised to find out the correct position.

I do not know what is holding up the submission of your report to the Board, I shall be obliged if you will immediately arrange to have the position clarified fully.

---

*Annexures III & V.

Annexure II

Copy of Secret D.O. No. SDGM/SEC/2 dated 6th June, 1962 from Shri P. S. Venkataraman; Sr. Dy. General Manager, Eastern Railway, Calcutta, to Shri C. T. Venugopal, Additional Member, Finance, Railway Board, New Delhi.

Wooden sleepers from Australia

Ref: Your secret D.O. No. 61/W6/MSW/15 dated 11th May, 1962.

A copy of the report submitted by the Chief Engineer in connection with the above subject is enclosed herewith.

From the report it will be seen that the initial report from the Divisional Superintendent, Asansol, to the effect that certain percentage of these sleepers was cracked and twisted was based on the information conveyed to him by the Permanent Way Inspector, Sitarampur. The PWI/Sitarampur had received 9,944 numbers of these sleepers and on receipt had carried out a visual check of these sleepers and based on this check he had assessed that about 15% of the sleepers received by him were cracked and 5% twisted, and this information was conveyed by him to the Divisional Engineer, Asansol. It will also be seen from the Chief Engineer's report that about 9,880 numbers, which also included a percentage of sleepers reported on as cracked and twisted, out of the total of 39,285 numbers of Australian sleepers received by the PWIs, Sitarampur and Barakar, have already been laid under the tracks about a year ago in the normal course of work and without any special precautions being taken.

These sleepers have been laid on the Grand Chord Section, which, as you are aware, is the most heavily worked section on this Railway. These sleepers have not shown any signs of distress. A further survey of 7697 numbers out of 9880 numbers laid under the tracks has recently been carried out by the Divisional Engineer, Asansol, and apart from the fact that certain percentages of cracked and twisted sleepers had been utilised—a fact of which we were already aware—nothing adverse about the behaviour of these sleepers has come to light. It will also be seen that according to the Chief Engineer the spike holding properties of these sleepers have been found to be adequate and better than the local treated sleepers being used currently.

The report from the Chief Engineer has been seen by Khan.

Annexure III

Copy of the Chief Engineer, Eastern Railway's report on the behaviour of the three species of Australian sleepers (namely Blackbutt, White Stringybark and Yellow Stringybark).

With reference to the report from the Division that 15% sleepers were cracked and 5% twisted, the background is as follows:

On receipt of the orders from the Board *vide* their letter No. 60/W6/MPW/2/S dated 24th October, 1960 regarding 40,685 BG ordinary Australian sleepers, distribution orders were given by the TSO *vide* his letter No. EPW/G/56/58-59/Pt.II/3771 of 4th November, 1960 as below:

(i) PWIs/Sitarampur & Barakar	..	39,285
(ii) AEN (Con)/Tildanga	..	1,000
(iii) DEN (Con)/Patratu.	..	400

PWIs/Sitarampur and Barakar were instructed to reserve the sleepers for automatic signalling work between Asansol-Mugma-Pradhankhanta. PWI/Sitarampur on receipt of the sleepers reported to the DEN/ASN that out of the 9,944 imported sleepers received by him, approximately 15% were cracked and 5% twisted. The DS forwarded this report to the Chief Engineer *vide* his office letter No. 86/0/AC/T/60 of 13th January, 1961. The TSO on this instructed the DEN/ASN to bind the ends of the sleepers by wire and to adze the twisted sleepers as necessary *vide* his letter No. EPW/G/56/58-59/PT.II/276 of 19th January, 1961.

The DEN/ASN in the meantime had arranged to use the sleepers for normal track renewals and for replacement of Duplex joint sleepers since the automatic signalling work has not yet been sanctioned. About 9,880 sleepers have been put into track by PWIs/Barakar and Sitarampur which include certain percentage of the cracked and twisted sleepers as reported above. A recent check by the DEN/ASN of 7,697 of the Australian sleepers on the Grand Chord, laid continuously whilst relaying about a year ago, revealed that 1593, equivalent to 20.7% were cracked and 397, equivalent to 5.16% were twisted. The sleepers were used in the normal course and no special precautions have been taken for utilising them as the defects have not been found to be of a serious nature and also the spike holding properties of the sleepers have been found to be adequate, and in fact superior to the local treated sleepers being used by the Railway at present. The DEN/ASN has also mentioned that the defective sleepers which have been used in the track have not shown any signs of deterioration up to now.

With the sleeper renewal programme in progress, the DEN/ASN has arranged to use up the balance of the sleepers.

Sd./- N.S. TYABJI,
Chief Engineer.
5-6-62.

Annexure IV

Copy of Secret D.O. No. SDGM/SEC/2 dated 5th July, 1962, from Shri P. S. Venkataraman, Sr. Dy. General Manager, Eastern Railway, Calcutta, to Sri C. T. Venugopal, Financial Commissioner, Railways, New Delhi.

Wooden Sleepers from Australia

Ref: My secret D.O. No. SDGM/SEC/2 dated 6th June, 1962.

With reference to your telephonic conversation with Khan on 4th July, 1962, I have to confirm that all the sleepers mentioned in my d.o. under reference are of the 3 species, *viz.* Black Butt, White Stringy Bark and Yellow Stringy Bark.

Annexure V

Further Report of the Chief Engineer, Eastern Railway dated 12th July, 1962 on the behaviour of the three species of East Australian Sleepers.

With reference to discussions with the Financial Commissioner, Railways and Additional Member, Works, on date, I am clarifying the position further as under, further to the report sent in my note dated 5th June, 1962 regarding the behaviour in track of the three species of Australian sleepers.

2. In my previous note, I had made it clear that, even though certain percentage of these sleepers are cracked, they are generally found superior to the miscellaneous evergreen type of treated sleepers in spike-holding properties. It is now further clarified that, as regards their life, the quality of the timber is likely to make the sleeper more durable than the indigenous miscellaneous treated evergreen sleepers. It has also been found that this type of Australian sleepers resist against attack by white ants and fungi.

3. As regards percentage of cracked sleepers amounting to 20.7 per cent approximately, it may be explained that, even amongst the miscellaneous sleepers of indigenous origin, there is an appreciable percentage liable to chacking. In fact, cracking is largely inherent

in such timber and has no adverse consequences of significance in usage or in durability.

4. As regards the small percentage of twisted sleepers mentioned in the report by the Divisional Engineer, Asansol, this type of defect is of negligible importance, and does not in any way affect the use or durability of the sleeper.

Sd./- N. S. TYABJI,
12-7-1962.

Camp: Delhi. Chief Engineer, Eastern Railway.

Serial No. 16(ii) of the Summary of main conclusions/recommendations of the P.A.C.

"In the light of the orders passed by the Minister of Railways on 11th March 1960, the categorical observations made before the Committee by the Chairman, Railway Board, that the Ministry was assured at the highest level that the timber was technically acceptable is not sustained."

Comments:

The Government's minute of 11th March 1960 (reproduced in pages 15-16—paragraph 21 of the P.A.C. Report) referred to the difficulty of coming to a firm conclusion and contained no final orders as such. At that stage, the Timber Adviser's note of 25th February, 1960—the latest technical opinion available on record—had referred to the discussion with the President, Forest Research Institute, Dehradun, according to which the three disputed species could be considered as being acceptable. The view of the President F.R.I. *in writing* was received in his letter of 19th April 1960, classifying two out of the three species as being even superior to some of the species approved in the contract. But this view of the FRI was fully known to the Timber Adviser through earlier discussions. It is this position which was taken into account by the Chairman Railway Board, when he recorded his note of 23rd March, 1960—with the full knowledge of the Government—and on the basis of which the letter of 23rd March 1960 to the Australian High Commission in Delhi was issued indicating the technical acceptability of the three species.

2. The Chairman, Railway Board, made his categorical observation before the Committee keeping in view the aforesaid background of the final opinion expressed by the Forest Research Institute—the highest technical organisation for this purpose. Audit have observed as follows:

> "**S. No. 16.**—It may be mentioned that there is nothing on record to indicate that any fresh technical information

was available between 11th March, 1960 when it was decided not to purchase these species and 23rd March 1960 when it was decided to accept them. Financial concurrence was also not obtained at that stage."

Serial No. 17 of the summary of main conclusions/recommendations of the Public Accounts Committee

"In the light of their observation, the Committee feel that an enquiry is called for to ascertain whether undue concessions were shown or improper encouragement given to the Australian firms in this deal".

Comments:

As explained earlier in the introductory remarks of this Memorandum, the facts herein are submitted for the Committee's further consideration, before the Government come to a conclusion in regard to the course of action, if any, to be followed.

S. No. 18 of the summary of main conclusions/recommendations of the Public Accounts Committee

"The Committee desire to be furnished with a note as to how the reduced price was fixed for the sleepers of the unapproved species and the life expectancy assumed for them".

Comments:

It was made clear in the Railway Ministry's letter of 22nd July 1960 to the High Commissioner for Australia that, when considering an extra contractual arrangement of this nature, it was obviously necessary to be satisfied that full value was secured for the money paid at reduced price. This was the basic principle kept in view in fixing the reduced price; this is also recognised in the concluding portion of the Audit Paragraph, wherein the reduced price is referred to as a negotiated price.

2. The notings leading up to the fixation of the price had stated that, in view of the varying estimates of expected life of the sleepers in these three species, it was not possible to arrive at any precise figure and, therefore, the price had to be settled on a reasonably *ad hoc* basis. It was also stated that the Timber Adviser, after weighing all available information, had assessed these three species as generally equivalent to Class III sleepers. Having regard to all these factors, it was considered that a negotiated price of 25% below the contractual F.O.B. price for track sleepers, as against a 22½% reduction offered by the suppliers, was reasonable. Similarly, it was

suggested that a reduction of 30% on the F.O.B. price for "special" could also be accepted. It is necessary to clarify in this connection that the various estimates of life of these three species varied between 12 to 20 years, and the Ministry of Railways did not go just by the one opinion of the New South Wales Railways received in May 1959 about the average-life of the three species being 12 years if unplated and 15 to 16 years if sleeper plates were used.

3. The Financial Commissioner for Railways, in summing up the position, also recorded that a decision in the matter had to be taken "on broad grounds." If, according to the opinion of the Timber Advisor, Railway Board, the sleepers were to be accepted as Class III, the percentage reduction in price would have had to be restricted to 20 per cent as already agreed to earlier in regard to a small quantity of excess supplies of Class III sleepers in the acceptable species. On the other hand, if allowance were made for the more favourable of the expert assessments that had been received from Australia, it was considered that the offer of the firm should be considered even quite favourable. It was, therefore, ultimately proposed, even allowing for a slightly shorter estimates of average life and taking into account all factors, that a reduction of 25 per cent would be just reasonable.

4. The Ministry of Railways would further like to clarify that, at that stage, there was no occasion to test the market afresh in regard to the prices of the particular species. The contract prices of accepted species, from which a reduction was negotiated, were based on offers received in February 1958 in response to quotations which had been invited after excluding the three species. Barely a month earlier, rates had been quoted in response to the original tender of January 1958, in which bids were invited covering a number of East Australian species including the three species in question. The relevant figures given below will indicate how the reduced prices secured through negotiation were even less than the lowest prices quoted by the Australian firms at the time of the original tender.

Name of the firm	Rate quoted in the original tender on 3-1-1958		Rate quoted in Feb. '58 in response to revised quotations invited		Rate obtained by reduction of 25% over contract price for the acceptance of disputed species.	
	B.G. Rs.	M.G. Rs.	B.G. Rs.	M.G. Rs.	B.G. Rs.	M.G. Rs.
1. M/s. R. J. White & Co. . .	19·63	9·28	22·72	10·84	17·04	8·13
2. M/s. G.A. Duncan	25·05	13·44	23·00	10·94	17·25	8·20

6. According to information officially supplied by the Australian High Commission, which there is no reason to doubt or question, the comparative prices of sleepers in the 1958-59 period when the Indian Railway sleeper contracts were signed, were:—

	Sh. d.
New Zealand	167/7 per 100 Super ft.
Hongkong	156/9 per 100 Super ft.
India	153/- per 100 Super ft.

In the case of New Zealand and Hongkong, the contract included approximately two thirds Blackbutt, Yellow Stringybark and White Stringybark. Contract prices in October, 1960 were reported to be Sh. 165/- per 100 Super feet for orders, which included again a high percentage of the above mentioned species. It would thus be appreciated that apart from the fact that the Australian hard wood sleepers are quite popular in a number of countries, the reduction in price secured for the three species over the original price paid for the approved species, which itself was competitive, was quite reasonable.

6. Some 8,760 sleepers supplied by the two Australian firms in question had been rejected as being wholly unfit for Railway use, on the basis of inspection jointly made by Inspecting Officers of the Australian Forestry Commission and of the Indian Railways. These were recently auctioned on behalf of, and at the cost of, the suppliers who were notified of this in advance and advised that the net proceeds would be remitted to them. Some 6,948 of these sleepers—evidently representing the more usable of the total lot of rejected sleepers—fetched in the aforesaid auction, prices varying between Rs. 18 to Rs. 19 for B.G. and Rs. 10 to Rs. 10·75 for M.G., against Rs. 17·04 to Rs. 17·25 and Rs. 8·13 to Rs. 8·20 at which rates sleepers of the three species were accepted outside the contract by the Railways. It is true that timber prices rose in the interval between 1957-58 and 1960-62; but it will be appreciated that the increases will equally affect the prices of the three species under reference and of completely rejected sleepers. The aforesaid comparison indicating even more favourable prices secured in auction in 1962 than paid by the Railways for the three species in 1960 would, therefore, be still valid.

APPENDIX XXIV

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 42 of Appendix II)

MEMORANDUM

Reg:—*Recommendations No. 21 to 23 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha)—Para 21 of the Railway Audit Report, 1961.*

Recommendations No. 21-22

In the above recommendations the Public Accounts Committee have observed as under:—

> "21. If the Controller of Stores really meant business, he would not have taken so much time in pursuing the case regarding revision in the rates for clearance of sea-borne stores especially when the Accounts Office was also stationed at the same place. Obviously the financial interests of Railways were not uppermost in his mind. The Committee feel that he had been let off lightly.
>
> 22. The Committee would like to be informed of the results of the review of the disciplinary aspects of the case regarding loss in the contract for the clearance of sea-borne stores."

2. The then Controller of Stores, who only dealt with the offer of lower rates by the contractor in the very first stage proceeded on leave preparatory to retirement from 13-12-1958 to 7-5-1959, at the end of which he retired finally. The matter had, no doubt, been brought to the notice of the Financial Adviser & Chief Accounts Officer by Audit in December, 1958. This communication while indicating that it was not known whether the contractor's offer of a lower rate as given by him to the Western Railway had been accepted or not, did not indicate or suggest *prima facie* that there had been any lapse personally of the Controller of Stores. Nor could it be foreseen at that stage that the contractor would resile from his offer, as he did on 21-4-1959 and again at a meeting to which he was called on 29-4-1959.

The Ministry of Railways respectfully submit that it would not have been possible to assess the personal responsibility of the Controller of Stores immediately after the contractor's refusal, in April, 1959, to abide by his offer. Considering that the Controller of Stores retired finally on 7-5-1959 and having regard to his overall good record of service, the Ministry of Railways plead that any strong action against him would not be justified for his lapse in marking the contractor's offer of a lower rate to Finance without taking a decision himself. The serious failure was really that of the Deputy Controller of Stores, who delayed the case considerably at the subsequent stages.

It may be added also that there was no in-attention to the case since the present Controller of Stores took over charge on the 13th January, 1959.

3. The person chiefly responsible for the dilatory and delayed handling of this case, as already stated, was the then Deputy Controller of Stores. Further review of the matter by the Railway Administration has confirmed that the lapse was entirely his; it has not been possible to fix responsibility at any lower level. It has been explained by the Railway Administration that the District Controller of Stores at Headquarters, who noted on 8-6-1958, cannot be penalised for the delayed attention to Finance's letter of 14-10-1957, as the file was belatedly passed on to him by the Deputy Controller of Stores and was also incorrectly marked to a District Controller of Stores who strictly was not concerned with this item of work. The Deputy Controller of Stores superannuated on 20th July, 1956 and was re-employed for two years, *i.e.*, upto 20th July, 1958. He was paid his settlement dues as follows:—

Rs. 47,098-6-0	on 25-3-1957
Rs. 12,000	on 16-4-1957
Rs. 11,787-50 nP.	on 25-9-1958
Rs. 443-48 nP.	on 7-11-1959

Most of the dues of the Deputy Controller of Stores had thus been paid by September, 1958, and there was thus no scope for taking any more drastic action against him beyond proposing to forfeit a small residual amount of Rs. 512-50 nP. out of his retirement benefits still left with the Railway.

The Public Accounts Committee have also made incidental observations in regard to the contributory negligence of the Accounts Department. It is admitted that the then F.A. & C.A.O., to whose notice the matter was brought and who incidentally proceeded on post-superannuation refused L.P.R. from 19th September, 1960, could have pressed for an immediate decision after his office had sent the letter of 14-10-1957. In the absence of any directions from him to

the Stores bill-passing section about passing payments at a reduced rate provisionally no one in that section can be blamed. It is doubtful, in any case, if the Accounts Department on their own could have taken such action, when the executive department had not formally agreed to the revised lower rates offered by the contractor. Remedial instructions have been issued enjoining that Finance Department should be vigilant in following up such cases.

In regard to the findings of the Enquiry Committee, a further review of the matter has confirmed the Ministry of Railways' opinion that the Enquiry Committee was not correct in coming to a conclusion which meant in effect that the rates for clearance of fully assembled locomotives were reasonable. As, however, the finding in this respect did not influence the *ad hoc* settlement one way or the other, the matter was not pursued, except to ask the Railway Administration to bring the lapses to the notice of the officers who served on the Enquiry Committee and who were still in service, for their future guidance.

Recommendation No. 23

In the above recommendation, the P.A.C. have observed as under:—

> "The Committee question how the repayment of Rs. 3·20 lakhs by the firm in full settlement of all claims (against an overpayment of Rs. 26·91 lakhs as computed by Audit) in respect of fully assembled stock is considered by the Ministry to be 'reasonable settlement in all the circumstances of the case'. The Committee feel that this case requires a thorough investigation."

2. In paragraph 33 of the P.A.C. Report, the net amount of overpayment to the firm has been computed as being of the order of Rs. 26·91 lakhs, by taking the difference between the rate adopted in the new contract of 1960 and the rate in the earlier contract operative during the previous 11 or 12 years. On this computation, the repayment of Rs. 3·20 lakhs by the firm has been considered to be an inadequate settlement. The Committee have also observed as under in paragraph 33 of their Report:—

> "It passes the comprehension of the Committee how such an obvious fact that little or no labour was involved in the clearance of locomotives, coaches, etc. landed on their own wheels or packages loaded direct into the wagons by the ship's cranes was lost sight of for such a long time by all those who, either examined the terms of the contract or were responsible for making payments to the firm."

3. In the same paragraph of the Committee's Report, however, the Committee have referred to the information given to them that, when the matter was considered in 1950, the administration had concluded that the rates, on the whole, were reasonable. The special features of this item or work were, in fact, taken note of on that occasion by the then Financial Adviser & Chief Accounts Officer and the then General Manager of the Railway before concluding that it was not necessary to press for the fixation of a separate rate, even for the future, for fully assembled stock—either by the issue of fresh tenders or by negotiations. The basis for this view is on record, and no relevant aspect appears to have been lost sight of up till then (that is, up to 1950) at any rate.

4. The reasonableness of the payments made to the firm up to and including 1950—taking the contract as a whole—had thus been accepted by the Railway Administration after due examination. This apart, it would not be realistic to determine so called excess payments to a contractor in respect of one out of several items of his contract, by applying, over a back period of 10 or 12 years the lower rate for that particular item as tendered by another contractor in 1960. While on general considerations it might be argued that the rates secured in 1960 should, if anything, be higher than the previous years' rates owing to rising costs, the Ministry of Railways submit that a reasonably approximate computation of excess payments in the past cannot be made on the basis of present day rates without supporting evidence in regard to the extent of availability of competitive conditions in the previous years, the quantum of work against particular item, etc. It cannot also be overlooked that the volume of work against the item under reference was known to be steadily decreasing, and therefore, a contractor, in a bid to secure the contract, as a whole, could afford to quote, in 1960, a low and unworkable rate for the aforesaid item.

5. Any computation of excess payments made in the past, in the view of the Ministry of Railways, should reasonably take note of the recorded evidence of rates as currently applied in past cases, or as obtained in the previous years, by testing the market through tenders. It is significant that only a little earlier—in December, 1959—this very firm (M/s. Kanji Jadhavji & Co.) had quoted to the Western Railway a rate of Rs. 15 per "measurement ton" of 40 cubic feet, working out to Rs. 3,750 per locomotive (of about 100 tons) or about Rs. 37·50 per ton of weight. This was also the rate offered in 1959 to the Western Railway by Dadabhoy Hormusjee & Co., who were awarded the contract after considering their rates as a whole which were lower. Earlier, in 1956, when Messrs Kanji Jadhavji & Co. came into the field for the first time, they also lost to M/s. Dadabhoy

Hormusjee & Co. These are significant facts on record, indicating that the low rate of Rs. 11 per ton offered by M/s. Kanji Jadhavji in tender in 1960 cannot justifiably be taken as being a fair market rate applicable to earlier years when this very firm had asked for much higher rates. A more reasonable indication of the market rate during the previous years for the clearance of fully assembled locomotives would be Rs. 37·50 per ton quoted by two different tenderers at an earlier stage. On this rate, the payments for 33,992 tons, being the weight of fully assembled locomotives received from 1951 to 1959—taking only the period since 1951 for reasons explained in para 3 ante—works out to Rs. 12·75 lakhs, against actual payments during the same period of Rs. 20·05 lakhs or an excess payment of Rs. 7·3 lakhs.

6. The rates of M/s. Dadabhoy Hormusjee & Co. for work under item No. 8 of the Agreement (under which payments were being made for clearance of fully assembled locomotive also) were, in fact, reasonably competitive with those offered by the Bombay Port Trust who continued to do this work up to 1949 (later the Bombay Port Trust ceased to do the work as they found their rates uneconomic) and also those of another firm M/s. N. Guzdar & Co. who entered into a contract with the Director General Supply & Disposals, for similar work during the period 1950—56. Messrs Kanji Jadhavji & Co., as stated earlier, first came into the field for this work in 1956, when they quoted to the Western Railway. The rates of the four agencies mentioned above, either offered or actually applicable in earlier years, are given below. From a comparison, it appears that it would not be correct to project the rate of Rs. 11 per ton quoted by M/s. Kanji Jadhavji & Co. in March, 1960 to the Central Railway, backwards as a reasonable market rate applicable to the previous years when, in fact, much higher rates were worked to, or offered.

	Messrs. Dadabhoy Hormusjee & Co.	Messrs. Kanji Jadhavji & Co.	Messrs. N. Gundar & Co.
	Rs.	Rs.	Rs.
80-85 Tons	54-0-0	52-8-0	54-0-0
85-90 „	57-0-0	56-0-0	58-0-0
90-95 „	60-0-0	57-10-0	58-0-0
95-100 „	63-0-0	61-0-0	60-0-0

	Bombay Port Trust
	Rs.
5-10 „	22-8-0
10-20	30-0-0
*20-30 „	35-0-0
30-40 „	40-0-0
40-50 „	45-0-0
50-60 „	50-0-0
60-70 „	60-0-0
70-80 „	65-0-0
80-90 „	70-0-0

*These figures have been worked out on the assumption that there would be an increase of Rs. 5/- for a slab of 10 tons. These rates also exclude cranage charges.

7. In the case of clearance of fully assembled broad gauge locomotives, the only operation not required to be done by the contractor is the loading into wagons. The cranage charges involved in this particular operation would, therefore, have been saved by the contractor, working out to approximately Rs. 900 per loco. The Railway was thus entitled to demand refund only of amounts representing the cranage charges not incurred by the firm. Even taking the entire lot of 558 fully assembled B.G. Locomotives received since 1947, the amount of cranage charges not incurred by the firm, works out to Rs. 5,02,200. In addition, by accepting the Western Railway's rates belatedly from 1-1-1959, the firm gained a further advantage to the extent of Rs. 60,000 making a total excess payment of Rs. 5,62,200. On the other hand, an amount of Rs. 2,42,200 represented shunting and marshalling charges incurred by the firm, at the rate of Rs. 440 per locomotive, as these extra operations were to be done in the clearance of fully assembled locomotives unloaded on their wheels. A net figure of Rs. 3,20,000 was thus arrived at as being a reasonable amount to demand from the firm. The excess payment in any case cannot be regarded as being made than Rs. 7,30,000 according to another method of calculation as explained in para 5 ante.

8. In considering whether or not the negotiated settlement was reasonable from the Railway's point of view, it is necessary to remember that the Central Railway Administration had made reference to the Railway's solicitors and subsequently to the Advocate General of the Government of Bombay. The legal opinion was that, having paid the contractor on a particular basis over a number of years, the Railway was prevented from enforcing recoveries on the plea that the unloading of a fully assembled stock was not covered by the contract. In fact, the solicitors pointed out that, when the contractor made the request to the Railway Administration in December 1947 for revision of the rates in respect of consignments exceeding 55 tons in weight, he expressly stated that he asked for the special revision because he had to clear locomotives weighing approximately 87 tons. The legal opinion in effect was that the contractor could take the stand that the intention of the parties, in effecting a revision of item 8 of the schedule to the contract, was with a view to cover also the case of clearance and loading of locomotives on rails. In the background of all these considerations, any demand by the Railway that the firm should refund amounts to the Railway computed on a hypothetical basis by applying the tendered rate of another contractor in 1960 for the back years, involved the risk that the firm might altogether resile from their offer to pay any reasonably determined amount. It is on this ground that the Ministry of

Railways considered the settlement arrived at by the Central Administration, as being "reasonable in all the circumstances of the case".

9. This has been seen by Audit who have observed as under:—

"The excess payment was computed by Audit at Rs. 26·91 lakhs by projecting backwards the rate of Rs. 11 which the Central Railway secured in March 1960 when tenders were invited for the first time since the inception of the contract. The Railway Board feel that this rate cannot be taken as the basis for assessing the overpayment for the past periods. They have taken the rate of Rs. 37·50 per ton quoted by two different tenderers on the Western Railway (where the quantum of work involved was very much lesser) in 1959 to be a better index of the market. On this basis the excess payment to the contractor on account of fully assembled locomotives alone has been assessed by the Railway Board to be Rs. 7·3 lakhs for the period from 1951 onwards, as against which Rs. 3·2 lakhs has been refunded by the contractor. The period prior to 1951 has been excluded by the Railway Board on the consideration that, according to the recorded notes in the Administration's files, the rate paid to the contractor was considered reasonable in 1950 *vis-a-vis* the rates quoted by the Bombay Port Trust who were doing similar work for other Government Departments. This comparison was, however, based only on the rates of the Bombay Port Trust and was not tested by inviting competitive quotations between 1950 and 1960 for the purpose of obtaining the best possible rates."

APPENDIX XXV

MINISTRY OF RAILWAYS

(Railway Board)

(*Sl. No. 45 of Appendix II*)

MEMORANDUM

Conclusion/Recommendation No. 24—App. XIV—40th Report of PAC.

The Committee suggest that an enquiry be made into the causes for the delay of six years in taking up the disciplinary aspects of the case regarding loss due to the deterioration of sleepers at Sleeper Treating Plants.

The Ministry of Railways regret that their note of September, 1961, submitted to the Committee, should have conveyed an impression that there was a delay of six years on the part of the Railway Board in taking up with the Railway the responsibility for the failure to effect the transfer of the sleepers speedily. The Ministry of Railways would like to clarify the position further. It is true that the Chief Engineer of the former North Eastern Railway had stated, in his letter to the Railway Board in December, 1955, that the Open Tank installed at Naharkatiya for prophylactic treatment had not yet started functioning "for one reason or the other" and that he was arranging to move about 50,000 half treated B.G. Sleepers to Clutterbuckganj to complete their treatment, there; also, in another letter of December, 1955, he had stated that they were experiencing difficulties in the movement of even treated B.G. Sleepers to the B.G. Railways via the Assam Link. He, however, followed up these letters by a further letter of January, 1956 to the Railway Board explaining that the Railway was prepared to accept all sleepers offered by the Assam Government and that the Chief Operating Superintendent had given an assurance that the link capacity would be no bar to the movement of the sleepers.

The Railway Ministry would submit that, in the background explained above, there was no reason for the Railway Board to think that despatches from Naharkatiya to Clutterbuckganj would take as long as 10 months (from January to October, 1956) or that, in this time interval, considerable deterioration of the sleepers would take place. No further report was sent to the Railway Board, and there

was no occasion to call for a report either. The Ministry of Railways plead that, in all the circumstances, they could only take up the matter at the earliest possible opportunity after the draft para had been received in November, 1960 and after the main facts had been elicited from the Railway. The Railway Board's letter of 25th July, 1961, taking up with the Railway Administration, to which the Committee have alluded, was then issued. No further action was possible at that stage, as the Chief Engineer mainly concerned had retired as far back as 1956. It may be added that the question of lapses at lower levels has also since been investigated, and the Railway Administration is satisfied that all efforts possible at those levels were made by the persons concerned. The situation could only have been averted if the Chief Engineer, who knew the full background of the transactions, had displayed enough initiative and prudence at his level.

In view of what has been stated above, the Ministry of Railways would respectfully request that the matter may not be pressed further.

This has been seen by Audit.

APPENDIX XXVI

MINISTRY OF RAILWAYS

(Railway Board)

(*Sl. No. 46 of Appendix II*)

MEMORANDUM

Re: *Conclusion/recommendation No. 25 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha) regarding delay in the recovery of interest and maintenance charges in respect of Assisted Sidings—Eastern Railway.*

1. The Ministry of Railways regret the delay on the part of the Eastern Railway Administration in taking action on the General Manager's instructions of 1951, which led to the outstanding reviews of industrial sidings for the period to 1953-54 having to be dropped. It may be explained, however, that notwithstanding the fact that the recoveries for the period prior to 1953-54 had been waived under the orders of the General Manager, in actual fact the reviews of certain sidings for the earlier years were still conducted; the Railway has succeeded, as a result of this review, in making appreciable recoveries in respect of some of these sidings found to be unremunerative (as is indicated in para 3 below).

2. In the Memorandum submitted to the Committee in September, 1961, information was given in regard to—

(i) progress made in conducting the reviews of sidings; and

(ii) the latest position showing the amounts (a) recoverable as a result of reviews and (b) actually recovered from the parties concerned.

Substantial progress has been made since then in respect of both the above items, *viz.*, review of sidings as well as recovery of the outstanding charges. The details are given below:

2.1. *Industrial Siding.*—All the annual reviews up to the year 1960-61 have been conducted, and notices have been issued, wherever necessary. The annual reviews for the six sidings of the Sealdah Division, in respect of which capital costs were not known and the siding agreements were not available, have also been carried out up to 1960-61 on the basis of estimated capital cost. The total number of sidings found un-remunerative for the year 1960-61 as a result of this review (excluding the six sidings on the Sealdah Division) is only 14. Out of the six sidings of the Sealdah Division, four have been found to be unremunerative.

The total amount assessed by the Railway as payable by the owners of the unremunerative sidings for the entire period 1954-55 to 1960-61 is Rs. 19,938.82 nP. excluding an amount of Rs. 67,952.36 nP. computed in respect of the sidings on the Sealdah Division including the 4 sidings which have been found unremunerative for different years out of the 6 sidings of the Sealdah Division in respect of which the precise capital costs were not known due to the relevant records having gone to the Pakistan Railways on partition.

In number of cases the siding owners have disputed the claims on the following grounds:

(i) That allotment of wagons was inadequate.

(ii) unremunerativeness of their sidings is attributable to restrictions of movement of traffic particularly coal at certain times.

The question of recovery of dues, however, is being pursued vigorously with the parties concerned; but, as will be seen, the total amount outstanding—excluding the amounts in respect of sidings of Sealdah Division—is not large being less than Rs. 20,000.

2.2. *Colliery sidings.*—As regards the colliery sidings, the review up to 1960-61 has been conducted and notices issued, where necessary. Bills have also been preferred. The position in regard to the collieries from whom interest and maintenance charges are realisable from the period January to March, 1956 and from 1956-57 to 1960-61 is shown below (no amount was outstanding in respect of interest and maintenance charges upto 1955):

Year	Total No. of sidings declared unremunerative.	No. of sidings for which maintenance have been paid.	No. of sidings for which maintenance charges have not been paid.	No. of sidings retained for underground support.	No. of cases in which, due to colliery fire, etc. in the relevant period maintenance charges are not realisable.
(1)	(2)	(3)	(4)	(5)	(6)
Jan-Mar. 1956-57	73	36	2	28	7
1957-58	74	32	2	34	6
1958-59	80	28	11	32	9
1959-60	81	29	11	30	11
1960-61	76	11	18	25	22

NOTE:—The figures in columns 3 to 6 add up to the total figure in column 2.

It will be seen from column 4 above that, excluding the sidings which have had to be retained in the public interest for underground support, there are only a few cases in which the interest and maintenance charges have still to be paid.

3. *Position of recovery of interest and Maintenance charges before* 1954-55.—The progress in regard to the recovery of interest and maintenance charges even for the years up to year 1953-54—despite the waiving of reviews up to that year—will be readily appreciated from the following figures:—

Division	Position shown in the Railway Board's Memorandum submitted to the P.A.O. in Sept. '61.	Latest position of outstandings.
Howrah	66,017	54,859
Asansol	19,829	7,474
Dinapore	8,792	6,792
Sealdah	2,033	479

Howrah Division.—Even out of the present outstanding of Rs. 54,859, an amount of Rs. 10,000 has since been agreed to be paid by one party in instalments.

Dinapore Division.—Almost the whole amount is outstanding against the Gaya Sugar Mills which has gone into liquidation, but the matter of recovery is being pressed with the official liquidator.

4. *Position regarding lists of Industrial & Colliery Sidings.*—It may be mentioned for the Committee's information that up-to-date lists of both the colliery and the industrial sidings have since been compiled and printed and copies thereof distributed to all concerned. As already clarified in the Ministry of Railways' Memorandum submitted to the Committee in September, 1961, the absence of this list earlier did not hamper the completion of the review for the earlier years. The list was not completed only in respect of certain particulars such as length of siding, year of construction, etc., which were not, in fact, required for the purpose of conducting the reviews.

5. *Establishment charges.*—(a) *Sealdah Division.*—Excluding the amounts due from West Bengal Government and the Calcutta Port Trust Railway, the amount previously outstanding against other parties was Rs. 1·40 lakhs, out of which a sum of about Rs. 62,000 has since been recovered. It has been claimed that a substantial portion of the balance of about Rs. 67,000 was, in fact, paid by the parties prior to 1956-57. The corresponding credits are being traced

and when traced, the amount will be adjusted. This would then leave only about Rs. 11,000 still to be recovered by the Railway.

As regards amounts due from the West Bengal Government—Para 50 of the Railway Audit Report, 1961 and Para 37 of Audit Report, 1962—the matter is being pursued at a high level with the West Bengal Government, and it is expected that a settlement will be reached shortly. In regard to the Port Trust Railway, a revised Agreement is under contemplation, which will have retrospective effect from 15th August 1947. A clause is proposed to be included in the Agreement providing for payment of the actual cost of the staff engaged by the Railway over the Port Trust Railway's portion worked by the Eastern Railway. As soon as the revised agreement is finalised including the proposed clause referred to, recoveries of the outstanding dues will be effected.

Assansol Division.—Out of Rs. 7.09 lakhs* shown as recoverable in the Audit Para, the amount outstanding has now been reduced to 4·51 lakhs, which includes Rs. 3.33 lakhs on account of Railway staff posted at Hirapur Exchange Yard at the cost of IISCO and about Rs. 41,000 against Hindustan Steel Ltd. IISCO have agreed to make the payment in respect of staff posted at Hirapur Exchange Yard, subject to their checking the muster rolls of the staff posted at their siding. The work of checking the muster rolls is in hand by the company, and it is expected that the final payment will be made shortly. The Hindustan Steel Ltd. did not accept the liability in the first instance; but after discussions, the liability, has been accepted in principle. The bills preferred are under verification by the Company's Accounts Branch; as soon as the accounts scrutiny is completed, the amount is expected to be received.

6. *Sidings constructed after* 1951:—In regard to the five industrial sidings which were constructed after 1951, bills have been preferred and recovery made in respect of two sidings. Bills in respect of the other three sidings are under issue. In regard to the 19 colliery sidings which have been constructed after 1951, six belong to National Coal Development Corporation and 13 to private parties. Agreements with National Coal Development Corporation have so far not been executed pending decision regarding the allocation of cost between the Railway and the Corporation. Bills will be preferred as soon as this issue is finalised. As regards the 13 private sidings, they have been opened only recently. Bills could not be preferred, pending receipt of the Completion Reports. No difficulty, however, is anticipated in all these cases in regard to the recovery of the dues.

*According to Audit the latest position of outstanding establishment charges as it stood on 31-5-62., is Rs. 12,02,823.38 nP. This indicates that the position has further deteriorated.

7. The Ministry of Railways would like to assure the Committee that the Railway is fully seized of the problem and has been tackling it with vigour. The Ministry of Railways will continue to watch closely the progress in this matter.

8. This has been seen by Audit who have stated that the latest position is being verified by them.

APPENDIX XXVII

MINISTRY OF RAILWAYS

(Railway Board)

(*Sl. No. 47 of Appendix II*)

MEMORANDUM

SUB: *Conclusion/recommendation No. 26 contained in Appendix—XIV to the 40th Report of the Public Accounts Committee (2nd Lok Sabha).*

In noting the first part of Committee's observations in regard to the time taken by the Northeast Frontier Railway in finalising the standard form of Agreement to be entered into with the siding onwers, the Ministry of Railways respectfully submit that delay was largely due to the organisational changes resulting from bifurcation of N.E. Railway into N.E. and N.F. Railways—a fact the Committee have also taken note of in their observations in Para 42 of their Report—and partly to inter-departmental correspondence, which it is admitted, could have been cut short if the matter had been handled with a sense of urgency. The observations of the Committee have been brought to the notice of the Administration.

As regards the second part of the Committee's conclusion which pertains to the N.E. Railway, the irregularities in maintenance of Accounts referred to are two-fold:—

(a) Accounts registers contained names of closed sidings also and against whom bills were needlessly preferred.

(b) Three assisted sidings were omitted to be included in the Accounts Register.

As regards (a) above, in view of non-availability of precise information, the names of all the sidings as culled from various records were included in the registers and bills preferred as a measure of abundant caution. Although some extra work was involved, it served indirectly to check up on the correct position of the sidings from which charges were to be recovered. Thus apart from some avoidable additional work, no harm was done.

As regards (b) above, two of the three sidings referred were still under construction and no charges were, therefore, due from them. As regards the third siding, all the charges have since been recovered upto 31st March, 1962.

This has been seen by Audit.

1844 (Aii) LS.—11

APPENDIX XXVIII

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 48 of Appendix II)

MEMORANDUM

Reg: Conclusion/recommendation No. 27 contained in Appendix XIV to the 40th Report of the Public Accounts Committee (2nd Lok Sabha).

The Ministry of Railways regret the delay that occurred on the Northern Railway. The observations of the Committee have since been circulated to the Northern Railway for note and attention *vide* letter No. 62-B(C)-PAC. II/40 (2/25-28) dated 30th April, 1962.

2. According to the latest report furnished by the Northern Railway Administration further to position indicated in Railway Board's Memorandum submitted to the Committee in September, 1961, appreciable progress has been made in effecting recoveries of the amounts due from the Siding Owners and other Government Departments, in relation to the amounts shown in para 27 of the Audit Report, 1961. Out of the amount of Rs. 63,517/- shown as outstanding against the Siding Owners, a sum of Rs. 15,913/- has been recovered upto 30th June 1962. Out of the balance of Rs. 47,604/-, four cases involving Rs. 42,976/- have gone into arbitration. Some firms have gone into liquidation involving Rs. 927/-. Vigorous steps are being taken to recover the balance of Rs. 3,701/-.

3. Out of the amount of about Rs. 4 lakhs outstanding against Government Departments, the balance recoverable as on 30th June 1962 was only Rs. 91,554.23nP. Out of this amount, a sum of Rs. 84,790/- is outstanding against Ministry of Food and Agriculture and no difficulty is visualised in effecting recovery of this amount.

4. Out of Rs. 3,08,072/- outstanding in regard to sidings owned by Private parties, only an amount of Rs. 85,161.33 nP. remained outstanding on 30th June 1962. Efforts are being made to recover the balance amount, and recourse will be had to legal action where justified.

5. This has been seen by Audit.

APPENDIX XXIX

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 50 of Appendix II)

MEMORANDUM

Reg: Recommendation No. 30 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha)

One of the principal gazetted Officers involved in the case under reference was also involved in another case of earth-work in which a charge-sheet had been issued to him amongst others. It was decided that the latter case should be finalised before the Enquiry into the case of Coffer Dams was taken up. The enquiry into the former could not be finalised because of the prolonged absbence on medical grounds of the aforesaid gazetted officer. The enquiry commenced on 22nd May 1962 and was concluded on 24th May 1962. The Enquiry Committee have since submitted their report which is under examination by the Railway Administration.

Now that the enquiry into the case relating to earth-work has been finalised, necessary action is under way to hold the Enquiry into the case of Coffer Dams under reference. Action taken against the officials found responsible for the irregularities, will be advised to the Committee in due course.

This has been seen by Audit.

APPENDIX XXX

MINISTRY OF RAILWAYS

(Railway Board)

(Sl. No. 51 of Appendix II)

MEMORANDUM

Sub: Conclusions/Recommendations No. 31-32 contained in Appendix XIV of the 40th Report of the Public Accounts Committee (2nd Lok Sabha)—Default in payment of sale proceeds of railway tickets by the travel agents—Para 32 of Railway Audit Report, 1961.

Conclusion/Recommendation No. 31 (Paragraph 51 of the P.A.C's Report).

> "When the Railway Administration had knowledge of the past performance of the Managing Director of the firm, it should have been obvious to any responsible officer that a close watch was called for in the matter of prompt realisation of the sale proceeds of tickets. There has been gross neglect of the financial interest of the Railways".

In paragraph 50 of the Public Accounts Committee's Report, the Committee have made it clear that they examined in detail the case relating to the first firm. For the sake of completeness, the Ministry of Railways' observations herein cover the cases of both the first and the second firms.

The Ministry of Railways would like to clarify in some detail the position with reference to paragraph 51 of the Public Accounts Committee's Report on which the Committee's conclusion, is based. The submission made by the representatives of the Ministry of Railways before the Committee, about the reasons for the mistake not being ascertainable due to retirement of the officers concerned, pertained to the minor issue of failure to review the working of the agency's *branch office* with a view to fixing the security deposit and examining the question of granting extension of recognition to the branch office. The officer concerned—the then Road Development Officer—had retired and been settled up finally as far back as 1955, but it may be explained that there was no default of any significant character from

1953-54 right up to the middle of 1956, so that a watch in this matter during the period would not have revealed any unsatisfactory features of the travel agency's work.

The Ministry of Railways plead that, in regard to the major aspects of the case which led to the loss, the Railway Administration was fully in a position to enquire into the whole matter, as the Chief Commercial Superintendent, who handled the case at different stages, was still available and payment of his Special Contribution to Provident Fund had, in fact, been deferred even though he had proceeded on post—superannuation leave prior to retirement. In the course of a detailed explanation, which was called for from this officer, it transpired that the Northern Railway Administration had considered the matter regularly at the highest level of the Railway—namely, at the monthly meetings of Heads of Departments presided over by the General Manager—and had endorsed the Chief Commercial Superintendent's reiw that, in the interests of full recovery of the railway's dues, extensions should be given to the travel agent with the right to continue to sell tickets. The Ministry of Railways, after full consideration have concluded that the assessment of the situation by the Railway Administration collectively turned out to be an error according to the subsequent developments. In the circumstances, the Ministry of Railways plead that *there was a collective error of judgement* and not any obvious neglect of the Railway's financial interests. As mentioned in paragraph 52 of the Committee's report, instructions have been issued to all Railways to guard against such failures in the future. The Committee's observations have also been brought to the notice of the two Railway Administrations mainly concerned with the case.

In the above background, it will be appreciated that lapses on the part of lower level staff were comparatively of a minor character. This aspect has nevertheless been considered by the Administration, and disciplinary action has been taken against three Inspectors for not reporting correctly the amounts outstanding against the firm. The Administration is also examining the question of responsibility of other staff at lower levels for the various lapses referred to in the Audit Paragraph.

In regard to negligence at different level of the North-Eastern Railway in not watching the remittances from the firm, disciplinary action has been finalised against 13 employees including a gazetted officer.

In regard to the case of the second firm, which has not been referred to in the Committee's Report, it may be mentioned that 10 per cent of the Special Contribution to Provident Fund of the Deputy Chief Commercial Superintendent, who dealt with the case from

time to time, without reference to any higher authority, has been withdeld. Disciplinary action has been taken so far against two non-gazetted employees for lapses at lower levels.

Conclusion/Recommendation No. 32 (Paragraph 52 of the P.A.C's Report).

"The Committee would like to be apprised of the final outcome of the recovery from the firm of the sale proceeds of railway tickets".

The progress of the Civil Suit against the firm has been somewhat slow. The evidence could not be recorded in the initial hearings, as the counter-suit, filed by the Company against the Railway Administration, was also received by the same Court in Delhi (on transfer from U.P.). It became necessary to decide about the pauperism claimed by the Company in the Suit, before evidence could be recorded, to avoid duplication of proceedings. The Court finally ordered on 7th June, 1962 that the witness should be produced by the Advocate on 18th July, 1962, failing which an open commission will be issued for his examination at Varanasi. The independent criminal case against the Managing Director of the firm has been pended by the High Court until the decision of the Civil Suit in the Court of the Subordinate Judge, Delhi.

In regard to the second firm, the Civil Suit was decreed in favour of the Railway, but the decree could not be executed as neither the Company nor its Directors had any physical assets worth the name. The criminal case against the Managing Director in the second case will come up before the Magistrate on 16th July, 1962—the next date fixed for the hearing—when it is expected that the file of papers regarding the civil case would be received by the Court.

A further report regarding the progress of Civil Suit and of criminal proceedings will be submitted to the Committee in due course.

This has been seen by Audit.

GOVERNMENT OF INDIA

Ministry of Railways

(Railway Board)

No. 62-B(C)-PAC. II/40(31—33).

New Delhi, dated 7th May, 1962.

To

The General Manager,
Northern Railway, New Delhi.

North Eastern Railway, Gorakhpur.

Sub: Default in payment of sale proceeds of Railway tickets by the travel agents—Railway Audit Report, 1961—Para 32.

An extract of recommendation No. 31 contained in Appendix XIV of the 40th Report of the Public Accounts Committee (2nd Lok Sabha) is reproduced below:

> "When the Railway Administration had knowledge of the past performance of the Managing Director of the firm, it should have been obvious to any responsible officer that a close watch was called for in the matter of prompt realisation of the sale proceeds of tickets. There has been gross neglect of the financial interest of the Railways.

A copy of the relevant paragraphs is also enclosed for your information.

It should be once again impressed on all officers that in dealing with any financial matter, keeping financial interest of Railways in view is of paramount importance and utmost vigilance and initiative are necessary to safeguard their interests.

Sd/- V. SRIRAMAN,
Dy. Director, Traffic (Commercial)
Railway Board.

DA: As above.

GOVERNMENT OF INDIA

Ministry of Railways

(Railway Board)

No. TCII/2091/60/1. New Delhi, 21 Feb., 1961.

To

The General Managers,

All Indian Railways.

Sub:—Travel Agents—Watch over the performance of.

Cases had come to the notice of the Board, of default on the part of Tourist (Travel) Agents, in the payment of the collections made on behalf of the Railways, resulting in large amounts of arrear dues payable to Railways. The attention of Railway Administrations was therefore, drawn in the marginally* noted directives of the Board, to certain essential requirements in this connection, namely,

(i) That there should be provision, in the prescribed procedure, to ensure that periodical sale statements (accounts) and remittances are received by the Railway Offices concerned promptly and regularly, on prescribed dates, in accordance with the agreement, and that non-receipt is immediately taken up;

(ii) That responsibility should be clearly defined on the different Railway Offices concerned, for watching the timely and correct receipt of accounts and payments and for stopping, at short but reasonable notice, the booking facilities granted to any firms which do not submit return and remittance regularly and in time, as well as for taking suitable action promptly to recover the dues from the defaulters. The stopping of such booking arrangements is to be advised to the Board, with whose prior approval only may the booking arrangements be restored, if necessary;

(iii) That the quantum of security deposit which previously was maintained at 1½ times the travel agents' transac-

*No. TC II/2170/57, dated 13.8.58.
No. TC II/2091/58, dated 19.2.59.
No. TC II/2091/60, dated 22.6.60.
No. TC II/2091/59, dated 10.11.60.

tions during the chosen period should be raised, after giving notice, to twice the estimated value of transactions during that period, the additional security deposit to be recovered from all existing agents;

(iv) That the recognised travel agents should execute agreements separate with each Railway on whose behalf it operates, instead of entering into one agreement with any one Railway on behalf of other Indian Railways as previously done.

Instructions had also been issued earlier in Railway Board's Circular letter No. 6194/TC/55 of 19-8-1955, that the security deposits of the existing tourist agents were to be reviewed and were to be increased upto the level prescribed in the agreement.

2. As cases have come to light in which it has not been possible yet to recover the arrear dues from certain defaulting travel agents, the Railway Board desire to emphasise once again the importance of constant vigilance in regard to transactions with such agents.

3. The following measures *inter alia* should be adopted:—

(i) For each railway for which a tourist agent is authorised to sell printed card tickets the security deposit should be Rs. 10,000 or the total average sales of all types of tickets for that Railway for two months by such agent, whichever is more:

(ii) Each travel agency should be viewed as being analogous to a railway station Frauds, such as presentation of cheques which are dishonoured, embezzlements or temporary misappropriation of railway dues by the agents should be viewed with the same seriousness as similar offences by railway staff. Each office of the tourist agent should be inspected at least once a month by the Accounts Inspector or Commercial Inspector so as to ensure that the travel agent correctly accounts for all the tickets sold and cash collected and does not at any time fall behind the schedule either in making payments or submitting accounts to the railways. Where the railways consider two inspections every month are required, one should be by a Commercial Inspector and the other by an Accounts Inspector. These inspections should be conducted thoroughly in order to detect any frauds or embezzlements.

(iii) The sales statements and other statements may continue to be sent by the tourist agents to Chief Accounts Offi-

cer (Traffic Accounts) at the close of each month but the entire sale proceeds during each period should be remitted by cheque to the Traffic Accounts Officer at the end of that period, that is on the 1st, 11th and 21st of each month.

(iv) The Traffic Accounts Branch should maintain a register, with separate pages for the different travel agents, in which the receipt of accounts and remittances, against each period, can be recorded and watched so that non-receipt can be promptly and effectively taken up. Also the register should provide for watching the realisation of money noted on the cheques and for prompt detection of failures in this respect, such as delay in payment, refusal of payments etc. This register should be reviewed constantly by a Gazetted Officer, who should bring to the notice of the Senior Accounts Officer or/ and Dy. C.A.O. (Traffic Accounts) cases of non-receipt within a reasonable interval after each period, instead of routine letters being sent from lower levels to the Commercial Department or to the agents. Depending upon the degree of default, action should then be decided, in consultation with the Commercial Officers at the appropriate level—namely, issue of warning, levy of penalty, stoppage of supply of further tickets, and/or further suspension, or stoppage of sale of remaining stock of tickets available with the Agent, etc.

The amount outstanding should at no time be allowed to go beyond 2 months' dues, representing the security deposit as now fixed. As soon as the default reaches, or extends over, the aforesaid period the security deposit should be adjusted against the dues and further sales suspended or stopped, until and unless the agent redeposits the security amount and gives suitable guarantees for the future;

(v) Where the extreme step of stopping sales or termination of contract is not called for, for example, irregular or delayed remittances of small dimensions or delays in the submission of sales statements, a specific provision for fines being imposed on defaulting firms should be made in the agreement.

(vi) It will be the responsibility of the Chief Commercial Superintendent and the F.A. & C.A.O. to satisfy themselves, by prescribing any further details of procedure, that no indulgence is showed to any firm who tenders spurious

cheques or commits other frauds. Any significance failures of a particular firm should also be brought to the notice of other Railway Administrations, even though separate agreements with each railway concerned have now been enjoined.

4. Cases have come to the Board's notice in which Commercial Officers have given extended time to firms to honour their commitments to the Railways, without taking the advice of Finance and Accounts Officers or of higher level Commercial Officers and without even a subsequent advice to the F.A. & C.A.O. of the decisions taken from time to time. Incorrect statement of outstanding dues of firms have also been compiled, without reconciliation with Accounts. Likewise, there have been cases where default on the part of Travel Agents was within the knowledge of senior officers of the Accounts Department; yet they did not take or suggest speedy and effective steps to ensure that strong measures were taken by the Commercial authorities against the defaulting firm. It is essential that defaults on the part of travel agents, be viewed seriously and be dealt with in close consultation between the Accounts and Commercial Departments.

5. Cases have also come to notice, of supply of tickets to Agents direct by the Printing Press, without reference to, or advice from the Traffic Accounts Office. All the requirements of printed tickets, blank paper tickets, special tickets and tourist coupon tickets, by tourists agents, should be indented for through the Accounts Office of the Railway on which the journey is to commence, to ensure that the indents are checked properly in Accounts. The indents should be submitted once in 3 months and cover only stock required for three months. The particulars of tickets supplied to the Agents should also be furnished to the Accounts Office concerned. Even if an initial supply has to be made on an *ad hoc* basis, in the absence of past experience, the position should be promptly reviewed after the firm has been working for 3 months and steps taken to withdraw any stocks in excess of 3 months' requirement.

The ticket stock will come under the purview of check by Accounts Inspectors as well as Commercial Inspectors.

6. The amount of security deposit kept by the Railway should also be reviewed, say, every 3 months, to see whether any enhancement of the security deposit is called for with reference to latest figures of the value of 2 months' transactions.

Where it becomes necessary to take extreme steps of stopping sales and cancelling the agreement with an agent, the stock of tickets with the firm should be sealed and inventories prepared immediately.

7. If efforts to recover outstanding dues from any Agent do not succeed, there should be no dilatory procedure of routine correspondence with the firm; it should be considered, at the earliest opportunity and at the highest levels of the Railway Administration, whether the defaulting firm should not be proceeded with—either through a Civil Suit or through Criminal prosecution. It is essential for this purpose, that there should be properly signed agreements covering all the aspects.

8. A similar procedure as may be necessary, should be introduced in consultation with your F.A. & C.A.O. in the case of city booking agents and out-agents to ensure that the returns and remittances are received in time and regularly.

9. The receipt of this letter should be acknowledged.

(Sd/- K. N. CHENNABASAPPA,
Jt. Director, Traffic (General) Rly. Board.

D.A. Nil.

No. TCII/2091/60/1. Dated 21 Feb. 1961.

Copy, with a spare copy, to:—

1. Shri D. B. Patel, C.C.S., C/Railway.
2. Shri R. Gopalakrishna, C.C.S. E/Railway.
3. Shri Ranjit Singh, C.C.S., N/Railway.
4. Shri S. P. Lal, C.C.S., N.E./Railway.
5. Shri J. B. Rao, C.C.S., S/Railway.
6. Shri V. K. Rangaswami, C.C.S., S.E./Railway.
7. Shri T. N. Parthasarathy, C.C.S., W/Railway.
8. Shri K. J. Chandy, C.T.S., N.F./Railway.
9. Shri G. F. Penn Anthony, F.A. & C.A.O., C/Railway.
10. Shri Rama Rao, FA&CAO, E/Railway.
11. Shri P. R. K. Menon, FA & CAO, N/Railway.
12. Shri C. D. Dharker, FA & CAO, N.E./Railway.
13. Shri A. Sahul Hamid, FA & CAO, N.F./Railway.
14. Shri D. U. Rao, FA & CAO, S/Railway.
15. Shri S. P. Sahni, FA & CAO, S.E./Railway.
16. Shri S. G. Pothan, FA & CAO, W/Railway.

Sd/- (K. N. CHENNABASAPPA),

D.A. As above. *Jt. Director, Traffic (General) Rly. Board.*

No. TCII/2091/60/1. Dated 21 Feb., 1961.

Copy for information to ADAI (Railways), New Delhi with 12 spare copies.

Sd/- K. N. CHENNABASAPPA,

D.A. As above. *Jt. Director, Traffic (General) Rly. Board.*

Copy to B(C), Accounts II and F(X) Branches for information with 4 spare copies, for each.

GOVERNMENT OF INDIA

Ministry of Railways

(Railway Board)

No. TCII/2091/60/1. New Delhi, 2nd March, 1961.

To

The General Managers,

All Indian Railways.

Corrigendum

Sub:—Travel Agents—Watch over the performance of.

Ref:—Railway Board's letter No. TCII/2091/60/1, dated 21st February, 1961.

For para. of para 6 appearing at page 5 of the Board's letter referred to above, *read as under*:—

"Where it becomes necessary to take extreme steps of stopping sales and cancelling the agreement with an agent, an inventory of the tickets with the firm should be prepared immediately in their presence and the stock of tickets seized and secured with the Administration."

Sd/- K. N. CHENNABASAPPA,

D.A. Nil. *Joint Director, Traffic (General) Railway Board.*

No. TCII/2091/60/1. Dated 2nd March, 1961.

Copy, with a spare copy, to:—

(1) Shri D. B. Patel, C.C.S., Central Railway.

(2) Shri R. Gopalakrishna, C.C.S., Eastern Railway.

(3) Shri Ranjit Singh, C.C.S., Northern Railway.

(4) Shri S. P. Lal, C.C.S., Northern Eastern Railway.

(5) Shri J. B. Rao, C.C.S., Southern Railway.

(6) Shri V. K. Rangaswami, C.C.S., South Eastern Railway.

(7) Shri T. N. Parthasarathi, C.C.S., Western Railway.

(8) Shri K. J. Chandy, C.T.S., Northeast Frontier Railway.
(9) Shri G. F. Penn Anthony, F.A. & C.A.O., C. Railway.
(10) Shri J. Rama Rao, F.A. & C.A.O., E. Railway.
(11) Shri P. R. K. Menon, F.A. & C.A.O., N. Railway.
(12) Shri C. D. Dharker, F.A. & C.A.O., N.E. Railway.
(13) Shri A. Sahul Hamid, F.A. & C.A.O., N.F. Railway.
(14) Shri D. U. Rao, F.A. & C.A.O., S. Railway.
(15) Shri S. P. Sahni, F.A. & C.A.O., S.E. Railway.
(16) Shri S. G. Pothan, F.A. & C.A.O., W. Railway.

Sd/- (K. N. CHENNABASAPPA),
Joint Director, Traffic (General) Railway Board.

D.A. As above.

No. TCII/2091/60/1. Dated New Delhi, the 2nd March, 1961.

Copy for information to A.D.A.I. (Railways) with 12 spare copies.

Sd/- K. N. CHENNABASAPPA,
Joint Director, Traffic (General) Rly. Board.

Copy to B(C), Accounts II and F(X) Branches, with 4 spare copies each for information.

APPENDIX XXXI

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(DEPTT. OF TOURISM)

(Serial No. 53 of Appx. I)

It was explained to the Public Accounts Committee in evidence that the five criteria were the maximum qualifying conditions and not the minimum conditions to be fulfilled by a new agency. A travel agency by virtue of its functions can only fulfil all the conditions if carriers—railways, airlines, steamship companies—allow it to enter into contracts with them. For instance, a travel agency can only show a reasonable business turnover if it was allowed to make bookings with a carrier on a commission basis. Hence, in the case of a new travel agency condition No. 3, must logically follow 'recognition' and not precede it. In actual practice, airlines take a bigger risk than Indian Railways and hence even new agencies without much business turnover are given approval by the International Air Transport Association. This allows new agencies to sell international air tickets. Similarly, steamship companies are willing to enter into contracts for the sale of sea passages without going into rigidly all the conditions. Hence by the time a new agency comes up to Government for approval, it has built up some business already. That explains the basis of condition No. (iii). It means that even new agencies can show some business turnover before they are given joint recognition by the Tourist Department and the Railway Board which enables them to sell rail tickets on credit. Also even new agencies can produce evidence for having done tourist promotion on the basis of business done for airlines and shipping companies prior to recognition being granted to them by Government.

Now a new travel agency operating in a town in the interior like Banaras cannot possibly show much evidence under conditions Nos. (ii) and (iii). Such evidence can only be shown by a new agency located in a port of entry like Bombay, Calcutta and Delhi. etc. Hence the Transport Ministry thought it fit to grant recognition on a trial basis to an agency in towns in the interior even though it did not fulfill quite satisfactorily conditions (ii) and (iii). Another consideration which weighed with the two Ministries that in the larger interest of tourist promotion in the country as a whole some of the small agencies functioning in the interior should be given encouragement.

The next question to answer is: Having given recognition what steps the Transport Ministry (Department of Tourism) took to ensure that if the agency was not functioning well, some action should be taken against it. It has already been conceded by the Department of Tourism that in the initial stages in the first few years the Tourist Division which was then a part of the Transport Ministry did not have a strict procedure of follow-up action. But at the same time the following points are submitted as explanations :

(1) The Tourist Organisation which started as a small section in the Ministry of Transport was not quite equipped for follow-up action. During all the years before 1952, before the Tourist Branch undertook this responsibility, individual Railways entered into contracts with certain travel agencies on the recommendation of the Indian Railway Conference Association. As far as we are aware, the simple and effective check on the travel agencies was that if according to the terms of the contract an agency did not pay up its liabilities as a result of sale of tickets within a specified period further credit facilities were stopped, security deposit, if any, was confiscated and steps were taken to recover the dues by the Railways.

(2) The Tourist Branch in addition introduced the check in 1955 that each 'recognised' agency had to submit an annual report of its activities. However, the annual report did not contain the Balance Sheet. Later on, each agency was also asked to submit its balance sheet annually. Hence in 1957 as soon as it was discovered that this particular agency of Banaras was doing badly the matter was reported to the Railway Board. The Tourist Branch (now Department) does not have financial transactions with travel agencies and hence there could have been no occasion for the Tourist Branch to call for such reports from the Railway Ministry. It was expected that in case an agency did not pay up its liabilities, the Railways would take action in stopping its credit facilities. However, as desired by the P.A.C. para 33(ii) and as already indicated, the Tourist Department would send to the Railway Ministry copies of Balance Sheets and Profit & Loss Statements together with other relevant information regarding all recognised travel agencies. Similarly the Department of Tourism will keep the Railway Board informed as expeditiously

as possible if any adverse aspects of travel agencies are revealed by periodic inspections and reviews.

It has also been explained already that since 1959 further supervisory measures have been taken over the working of approved travel agencies and the results of the reviews have already been communicated to the Railway Board.

Sd/- S. N. CHIB,
Director General, Deptt. of Tourism
& Ex-Officio *Joint Secretary to the*
Government of India

APPENDIX XXXII

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Sl. No. 57 of Appendix II)

MEMORANDUM

REG.—*Recommendation No. 38 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha)—Non-recovery of demurrage charges due from a handling contractor—N.E. Railway—para 35 of Railway Audit Report, 1961.*

The Assistant Traffic Superintendent who did not record particulars of detentions to wagons retired from service. As the Public Accounts Committee has rightly pointed out, it is unfortunate he did not record the particulars.

The failure of Senior Officers in not following up the initial findings of the Inspectors, has been brought to the attention of the General Manager, North Eastern Railway. It is this failure which was responsible for the assessment of demurrage being accepted at as high a figure as Rs. 44,920 instead of being assessed as near about Rs. 4,090 (as explained in detail in Railway Ministry's earlier Memorandum submitted to the Lok Sabha Secretariat in September, 1961).

The Railway's attention has been drawn to the need for initial records furnishing the correct basis of claims against contractors and their being written up fully and got accepted by the contractor concurrently. It has also been indicated that adequate machinery should be ensured for regular and surprise checks by supervisory officials, so that records are correctly maintained. The latter has been copied to all other zones to avoid similar lapses in such cases. Copy of the letter issued is enclosed.

In all the circumstances and having regard to the remedial measures adopted, the Ministry of Railways would plead that the matter may kindly be treated as closed.

This has been seen by Audit.

D.A./One.

C. T. Venugopal,
Addl. Member, Finance.

Government of India
Ministry of Railways
(Railway Board).

D.O. No. 61-B(C)-NE/16. *New Delhi, dated* 16-8-1961.

My dear Harbans Singh,

SUB.—Para 35 *of Audit Report, Railways,* 1961—*Northeastern Railway Non-recovery of demurrage charges due from a handling contractor.*

I pointed out to your FA&CAO and yur Dy. General Manager, when they came to discuss Audit Paras with me,—before the paras were included in the Railway Audit Report, 1961—that the particular Audit Para arose largely out of a misunderstanding created by the joint report of the two Inspectors who assessed a demurrage of Rs. 44,920/- as having accrued. The detailed statements appended to the joint report showed a computation of demurrage on *flats* with reference to berthing time and release time after allowing a "free time" of 6 hours. This was *prima facie* incorrect, considering that flats are normally released only after they are reloaded; 6 hours for unloading of flats and 6 hours for their reloading would add up to 12 hrs., and to this at least one hour half an hour each way—should reasonably be added for the requisite departmental work such as checking of seals of packages etc. before unloading and re-loading can start. Even this total time of 13 hours barely allows the time required for the departmental operations such as sealing or checking of seals, tallying of contents etc. and does not allow the further inevitable time intervals (a) between the arrival time (*i.e.* berthing time in the case of flats) and the time when the related stock are made available for transhipment and (b) between the time when the reloading/unloading operation is completed and the departure time (*i.e.* release time in the case of flats). Further, in the statement prepared by the two Inspectors pertaining to the detention of *wagons*, the total numbers of wagons left in the yard at the end of each day were shown, and demurrage was computed on every one of the wagons with reference to 18 hours, *i.e.* after deducting 6 hours from 24 hours, on a "rule of thumb" calculation. In the absence of any detailed record of the time at which the wagons were placed in position for unloading/loading, it was not correct to assume that all the wagons in the yard were placed in position before the close of the day after allowing free time. It should also have occurred, particularly to the senior commercial officers who dealt with the case,—even if not to the accounts officers,—that there was no stipulated free time in the Agreement, which merely referred to "unreasonable" detentions being assessed for demurrage according

to the discretion of the General Manager. The Statement pertaining to wagons, prepared by the two Inspectors, itself contained reference to delays on certain days as not being due to the contractor's fault; it was, therefore, necesary to determine what part of the detention, if any could be deemed to be excessive or unreasonable *and* as being due to the fault of the contractor. Where the Agreement expressly left the matter to higher discretion, in view of the widely varying ghat conditions from day to day, it should have been obvious that the assessment by the two Inspectors was to be sifted and screened by administrative officers departmentally before referring the case to the outside legal adviser.

2. It is true that most of the officers concerned are no longer on your Rly. (namely, Sarvashri Hussain Aga and Raina, Dy. FAs, of whom the former has reverted to the Indian Audit Department and the latter has retired, Shri G. S. Mathur, Sr. Commercial Officer, who has also retired and Shri T. N. Parthasarathi, Dy. CCS, who has been transferred away). But for future guidance, it is necessary for you to impress on all your officers the importance of coming to reasonably correct conclusions administratively, before remitting a matter for legal advice, or to Special Police Establishment, etc. In this case, an incorrect impression was created that the demurrage was waived merely because of legal difficulties of enforcing the Railway's claim. Even if the case had been put to the Legal Adviser fully and properly in the first instance, he could have come to the conclusion—as indeed he did at a later stage after the Audit statement of the case was received,—that in all likelihood no demurrage had accrued. The Board fully appreciate the anxiety of officers to have a thorough probe in such cases. But the fact remains that, in this case, an ill-conceived report of the two non-gazetted Inspectors was tacitly accepted by higher level officers, without applying their mind, except for an ineffective query raised by the Dy. CCS at two different stages. In the circumstances, it is not surprising that there was a conclusion by Audit about there being reasonable evidence of demurrage having accrued. It is only by elaborate study of all your files that the Board have been able to conclude, without re-construction of anything which was contemporaneously recorded, that *prima facie* no demurrage had accrued. It is also surprising that this matter in all the important stages was not seen by the Head of either the Accounts or of the Commercial Department. At the concluding stage, the note of the Senior Accounts Officer, Finance (Shri N. R. Banerjee), signing "for Dy. Financial Adviser", recorded certain general observations of a misleading character, on this the officer who has looking after the current duties of the General Manager at the time (Shri Khastgir,

Chief Engineer), finally passed orders foregoing the demurrage. The Dy. CCS had, in fact, recorded at that stage—though he did not press the point, as he should have done—that the question was one of withdrawing the claim for demurrage, and not one of waiving an amount, and this should have alerted the Senior Accounts Officer against jumping to misleading conclusions. The Sr. Accounts Officer should be advised that, in the final stage of such an important case, he should not have signed the note and should have submitted it to the Dy. FA&CAO or even to the FA&CAO.

3. Incidentally, the Assistant Traffic Supdt., who had sent the telegrams to the contractor complaining of want of labour in May 1955, does not appear to have been asked at any subsequent stage to clarify, in writing why, in the face of such telegrams, he did not effect recoveries for demurrage—currently from the contractor's bills. There is, no doubt, a note recorded by the Commercial Inspector, in 1959, after interviewing this ATS, who was evidently by then in another post; but it would have been more satisfactory if the ATS himself had been asked to clarify the position earlier.

4. The obvious procedural flaw in this case was in not maintaining a detailed record showing the time of placing of wagons and flats in position for loading/unloading and the time when the loading/unloading operation was completed. If this had been done, it would not have been necessary to draw on collateral evidence, in order to be convinced that, in all likelihood, no demurrage had accrued. It is necessary for you to impress afresh on your subordinate authorities of all departments the fundamental principle that original records furnishing the basis of claims against, or payments to, outsiders should be written up fully as and when the events occur, and the acceptance in writing of the outsiders (*i.e.* contractor etc.) obtained contemporaneously, so as to avoid any disputes and doubts at a later stage. So far as engineering work done by contractors is concerned, there is already the established procedure of recording measurements, classifications etc. currently but the procedure in other departments should also be examined and tightened up in this matter, wherever necessary.

5. Spare copies of this letter are enclosed for circulation to your subordinate offices with such covering instructions as you may wish to endorse.

Yours sincerely,

Sd/- C. T. VENUGOPAL.

Shri Harbans Singh,
General Manager,
North Eastern Railway,
Gorakhpur.

No. 61-B(C)-NE/16. *New Delhi, dated* 16-8-1961.

Copy for information and guidance to Shri.....General Manager, so that misunderstanding and unnecessary work are not created through inadequate attention such cases at appropriate levels in the earlier stages. In particular, attention is invited to the fundamental principle that the initial records furnishing the basis of claims against, or payments to, outsiders such as contractors, etc., should be written up fully as and when the events occur, and should be got accepted, in writing, by the outside parties concurrently. It is also necessary to ensure that there is adequate machinery for regular and surprise check of such records by supervisory officials and by Accounts Inspectors during local inspections.

Spare copies of this circular are enclosed.

Sd/- C. T. VENUGOPAL,
Additional Member, Finance,
Railway Board.

No. 61-B(C)-NE/16. *New Delhi, dated* 16-8-1961

Copy for information to A.D.A.I. (Railways).

Sd/- C. T. VENUGOPAL,
Additional Member, Finance,
Railway Board.

APPENDIX XXXIII

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Sl. No. 61 of Appendix II)

MEMORANDUM

SUB: Recommendation No. 42 contained in App. XIV to the 4th Report of the P.A.C. (2nd Lok Sabha)—Outstanding against firms enjoying Credit Note facilities—Para 38 of Railway Audit Report, 1961.

The latest position in regard to recovery of outstandings and also in regard to the disciplinary action taken or proposed to be taken by the Railway Administration in this case is indicated below:—

RECOVERY OF OUTSTANDINGS

First case (Recovery from first clearing agent of Rs. 77,518/-)

Two money suits were filed in the Court of the 3rd Sub-Judge, Howrah by the firm, delivery of whose goods was stopped by the Railway Administration as a test case on production by the clearing agents of the railway receipts endorsed in their favour. The firm has, however, subsequently settled the matter by compromise, as a result of which the Reilway was able to recover a sum of Rs. 5780.09, outstanding against the clearing agent. Demand notices on other parties, in respect of whose consignments freight is still outstanding but the goods were taken delivery of by the clearing, Agent Firm, are also under issue.

Second Case (Recovery from second clearing Agents of Rs. 53,827/-).

The suit filed by the owners whose goods were intercepted by Railway on production by clearing Agents of railway receipts endorsed by owners in their favour is still in the waiting list of cases to be heard by the Calcutta High Court.

DISCIPLINARY ACTION PROPOSED TO BE TAKEN

The Assistant Commercial Supdt. (Optg) who dealt with these cases has been held mainly responsible in the matter. He has since been reverted to his substantive status in class III in connection with

another case. A show cause notice was served on him asking him to state why he should not be dismissed from service. Instead of submitting his reply, he has filed a petition, under article 226 of the Constitution, in the High Court at Calcutta for quashing the proceedings against him. An order (Civil Rule No. 1235(W) of 1961) has been issued by the High Court calling upon the Railway to show cause why a writ in the nature of *certiorari* should not be issued cancelling all proceedings of the "Discipline & Appeal" action. The Court have also issued an *Ad-interim* stay order prayed for by the employee.

The hearing of this case, which was originally scheduled for 20-2-62, was adjourned. The Affidavit-in-opposition was due to be filed in the High Court by 4-4-62. A further report will be sent after the case is heard and some finality is reached.

The question of responsibility of the Deputy Chief Commercial Supdt. has been reviewed by the Railway Board and it is felt that he took the decision to continue the Credit Note facility to the firms in the *bona-fide* belief that this was in the overall interest of the Railway taking into account the circumstances then obtaining. This was an error of judgement which normally would have merited communication of Board's displeasure. The officer having retired, no action is considered necessary at this stage because this isolated lapse would not merit forfeiture of any portion of Special Contribution to Provident Fund, payment of which has been deferred for the present.

The Supervisor of the section held responsible has been punished by stoppage of increment for one year.

Instructions have also been issued that credit facilities should not be given to forwarding and clearing agents who are only middlemen and whose ability to clear bills outstanding depends on their collecting the freight charges due from the proper consignees on whose behalf they clear goods (copy of these instructions is attached).

This has been seen by Audit.

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. TCI/1171/62. *New Delhi, dated the 4th July,* **1962.**

To

The General Managers,
All Indian Government Railways.

SUB: **Grant of 'Credit Note' facility.**

In continuation of their letter* No. TCI/1171/58 dated 18-3-60, the Board wish to make it clear that Credit Note facilities should not be given to Forwarding and Clearing Agents who are only middlemen and whose ability to clear railway dues depends on their collecting such dues from the proper consignees on whose behalf they clear goods.

Sd/- AMAR NATH,
Deputy Director, Traffic (FS),
Railway Board.

DA: Nil.

DA: Nil.

*copy enclosed.

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. TC-1/1171/58. *New Delhi, dated* 18-3-1960.

To

The General Managers,
All India Railways.

SUB.—*Grant* of Credit Notes facility.

A case has come to the notice of the Board, where the facility of payment of freight and other charges by credit notes was given to a firm of Clearing Agents. The Railway also failed to secure additional deposit in proportion to the increase in transactions of the firm and to take timely action in withdrawing the facility of credit notes when the firm started delaying the honouring of credit notes, which resulted in a huge accumulation of outstanding against the firm and litigation in recovering the amount due.

The Board, in this connection, desires that it should be ensured that:—

(a) that the facility of credit note system is accorded only to well known parties who have reasonable large business with the railways;

(b) that the sanction in each case is accorded by the Head of the Department personally and not by any officers of lower rank;

(c) that steps are taken periodically to verify the adequacy of the security deposits taken, based on the current transactions of the parties; and

(d) that instances of parties not honourning the credit notes are promptly taken up, the facility being withdrawn forthwith unless, there are adequate grounds for not doing so.

The receipt of this letter may please be acknowledged.

Sd/- AMAR NATH,
Dy. Director, Traffic (FS),
Railway Board.

APPENDIX XXIV

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SL. NO. 62 OF APPENDIX II)

MEMORANDUM

REG:—*Conclusion/Recommendation No. 43 contained in Appendix XIV of the 40th Report of the P.A.C. (2nd Lok Sabha).*

I. (1) The Railway Administration has been asked to make a thorough investigation regarding non-availability of files in this case.

II. (1) In nothing the observations of the Committee, the Ministry of Railways would like to explain for the Committee's information, the circumstances in which wharfage and demurrage charges can be remitted in terms of Board's letter No. 3214-TT dated 7th June, 1945 as follows (extracts attached) and the existing provisions for reviews on the exercise of powers by officers at various levels.

Circumstances under which wharfage and demurrage can be remitted

(i) Delays in delivery occasioned by damaged conditions of goods, or disputes relating to weight and charges on other causes beyond the consignee's control.

(ii) Improbability of the realisation of the full dues by auctioning the consignment due to their low value.

(iii) To avoid litigation and correspondence.

(iv) When charges are payable by other Departments of Railways or Government Departments.

(v) When the delays in booking arise out of priority restrictions.

(vi) Dispute between consignors and consigness, fall in market prices, complaints regarding non-receipt of advice of arrival of goods, etc.

The cases of remission of wharfage and demurrage are scrutinised and finalised within the foregoing categories.

2. The extent to which authorities at various levels have been delegated powers in regard to remission of wharfage and demurrage charges was laid down in Board's letter No. 1309-TG dated 18th May, 1955. This has since been revised in Board's letter No. TCIII/3036/60|2 dated 11 February, 1961 (copies of these letters are enclosed). With a view to tightening up control in regard to remission of demurrage and wharfage charges, the Railways were directed in letter No. 1309-TGA dated 31st October, 1958 (copy enclosed) that remission of such charges exceeding Rs. 5000 should have prior financial concurrence. The Finance Adviser and Chief Accounts Officers of the Railways were also told in Board's letter No. 1309-TGA dated 20th May, 1957 that they should continue to make *effective post review of cases of remission of wharfage and demurrage charges and bring to the notice of the Board any unsatisfactory cases, features and trends.*

3. Further, in accordance with provisions laid down in Para 2230-A/cs. Code Vol. II (extract attached), a complete check of not less than 10% of all returns of wharfage and demurrage charges in the Traffic Accounts Office is made to see, *inter alia*, that when wharfage and demurrage charges have been forgone, an authority signed by a competent officer of the Traffic Department is forthcoming and that all conditions attaching to the remission of demurrage and wharfage have been fulfilled.

The concurrent review of the exercise of powers for remission of wharfage and demurrage charges is thus ensured.

4. The observations of the Committee have, however, been circulated to the Railways and it has been emphasised that all connected files relating to the waiver of wharfage/demurrage charged should be preserved in cases where investigations are in progress or post check by Accounts is still to be done. It has also been stressed that the existing checks and supervision should be tightened, with a view to exercising effective control in regard to the remission of wharfage charges. Copy of instructions are attached for the information of the Committee.

5. This has been seen by Audit.

Extracts of Board's letter No. 3214-TT dated 7-6-1945.

The circumstances in which wharfage and demurrage charges are remitted are indicated below:

1. Delays in delivery occasioned by damaged condition of goods, or disputes relating to weight and charges on other causes beyond the consignee's control.

2. Improbability of the realisation of the full dues by auctioning the consignments due to their low value.

3. To avoid litigation or compensation.

4. When charges are payable by other Departments of Railway or Government Departments.

5. When the delay in booking arises out of priority restrictions.

6. Dispute between consignors and consignees, fall in market prices, complaints regarding non-receipt of advice of arrival of goods, etc.

Copy of Ministry of Railways (Rly. Board's) letter No. 1309-TG dated 18th May, 1955 addressed to All Indian Railways, and copy to I.R.C.A.

SUB:—*Remission and Refund of demurrage and wharfage charges.*

The Board have decided in consultation with the Commercial Committee for Interchange that the powers in respect of write off/waival of wharfage and demurrage be delegated as under:—

Authority to whom the power is to be delegated	Extent of delegation.	
	Wharfage (Up to Rs.)	Demurrage (Up to Rs.)
Heads of Departments	5,000	5,000
Dy. Heads of Department Regional and Divisional Superintendents	2,000	2,000
Senior Scale Officers	750	250
Assistant Officers	200	Nil

Please acknowledge and take action accordingly

Sd./- V. SRIRAMAN,
Assistant Director, Traffic,
Railway Board.

Copy of Railway Board's letter No. TC.III/3036/60/2 dated 11-12-1961 addressed to all Indian Railways, and copies to I.R.C.A. and A.D.A.I. (Railways), New Delhi.

SUB:—*Remission and Refund of demurrage and wharfage charges.*

In supersession of the orders contained in their letter No. 1309-TG dated 18th May, 1955 the Board approve of the recommendations of the Commercial Committee for Interchange contained in their Resolution No. 3664 passed at Meeting No. 101 September, 1960 with slight

modifications. The powers in respect of write off/waival of wharfage and demurrage be delegated as under:—

Authority to whom the power is to be delegated.	Extent of delegation	
	Wharfage (upto Rs.)	Demurrage (upto Rs.)
1. Heads af Departments	5,000	5,000
2. Dy. Heads of Departments Regional and Divisional Superintendents	3,000	3,000
3. Senior Scale Officers	1,000	250
4. Assistant Officers	200	50

2. Please acknowledge receipt of this lettter and take action accordingly.

Sd/-M.P.Sathaye
Jt. Director, Traffic (R).
Railway ffoard.

Copy of Railway Board's letter No. 1309-TG/A dated 31-10-58 addressed to all Indian Railways and copy to A.D.A.I. (Rlys.), New Delhi.

SUB:—*Association of Accounts in the matter of remission of wharfage charges.*

The Board have decided that for remission of demurrage and wharfage charges exceeding Rs. 5,000/- prior financial concurrence should be obtained.

Sd./- R. SRINIVASAN.
Dy. Director, Traffic (C),
Railway Board.

Extract from Indian Railway Code for the Accounts Department—Part II—Traffic Accounts.

2230. *Check of Wharfage and Demurrage Returns.*—A complete check should be made of not less than 10 per cent of all returns of wharfage and demurrage charges (T. 1830). The particular returns to be checked each month will be selected by the Accounts Officer. These returns should be checked each month will be selected by the Accounts Officer. These returns should be checked to see that—

(1) the return is complete in every respect as per columns provided;

(2) the date given in the column "Goods available for delivery" is the date of unloading and not the date after deducting the free time allowance;

(3) the "number of days for which demurrage or wharfage is due", has been calculated in accordance with the Tariff rules;

(4) the "amount due" has been correctly charged in accordance with the rules in the Goods Tariff;

(5) when wharfage and demurrage charges have been foregone, an authority signed by a competent officer of the Traffic Department is forthcoming and that all conditions attaching to the remission of demurrage and wharfage have been fulfilled;

(6) the "amount foregone" agrees with the sanction of the competent authority and the "amount collected" is correct;

(7) the charges are brought to account in the return for the month in which the consignment is delivered or otherwise disposed of and not in a subsequent month;

(8) no demurrage, wharfage or storage charges have been taken to account in respect of consignments transferred to the Lost Property Office, as the charges due on such consignments are recovered by that office; and

(9) the amount accounted for in this return agrees with the amount taken to debit in the station Balance Sheet.

When any short charges or other irregularities are discovered, necessary error sheets should be issued against the stations concerned (*vide* paragraph 2402).

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. 62-B(C)-PAC.II/40(43).

New Delhi, dt. 4-5-1962.

To,

The General Managers,
All Indian Railways.

SUB:—*Remission of wharfage and demurrage charges—Public Accounts Committee 40th Report (2nd Lok Sabha).*

Two cases of waiver of wharfage on a certain Railway became the subject of Audit Report. Due to non-availability of the relevant files satisfactory defence in regard to the specific points in the audit para whether any undue preference was shown to the particular consignee could not be made out. In this connection extract from the recommendations/conclusions of the 40th Report of the Public Accounts Committee (2nd Lok Sabha) is reproduced below:—

"(i) The non-availability of the files of the Commercial department relating to waiver of wharfage requires a thorough investigation as loss of relevant files at the crucial time will vitiate important enquiries.

(ii) The Committee find it difficult to subscribe to the view of the Ministry of Railways that "no case of undue preference to the particular consignee in question can be established" as the comparative statistical data (furnished by the Ministry) do not lead to such an inference. While the committee are not averse to delegation of powers, they are emphatically of the opinion that there should be periodic reviews on exercise of such powers and any abuse misuse of such delegated powers should be severely dealt with."

2. The Board desire that all connected files relating to waiver of wharfage/demurrage charges should be preserved in cases wherein investigations are in progress. They further desire that with a view to exercising effective control in regard to remission of wharfage

charges the existing checks and supervision should be tightened up. Attention in this connection is invited to the instructions already contained in Board's Circular letter No. TCIII/3043/57 dated 5th February, 1958.

DA: Nil.

Sd./- M.P. SATHAYE,
Joint Director, Traffic (Rates),
Railway Board.

Copy to T.C. III.

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(Railway Board)

No. 62-B(C)-PAC. II/40(43) *New Delhi, dated 4th July, 1962.*

To

The General Managers,
All Indian Railways.

SUB: *Remission of wharfage and Demurrage charges—Public Accounts Committee 40th Report (2nd Lok Sabha).*

REF: *Board's letter No. 62-B(C)-PAC. II/40(43) dated 4-5-62.*

The first sentence of Para 2 of the Board's letter referred to above has been modified to read as follows:—

"The Board desire that all connected files relating to waiver of wharfage/demurrage charges should be preserved in cases where investigations are in progress or where post check by accounts is still to be done."

(VIRENDRA NATH),
Dy. Director, Finance (Budget),
Railway Board.

Copy to TC. III Branch.

(C O P Y)

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(Railway Board)

No. TCIII/3043/57. *New Delhi, dated* 5-2-1958.

To

The General Managers,
All Indian Railways.

SUB: *Remission and refund of demurrage and wharfage charges during* 1956-57.

From the figures of remission and refund of demurrage and wharfage charges during 1956-57 the Board observe that the amounts remitted and the amounts outstanding continue to be high, particularly on some Railways.

2. The Board desire to invite your special attention to instructions contained in their letter No. 1309-TG dated 8th August 1952 in regard to remission and refund of demurrage and wharfage charges.

Sd/- R. SRINIVASAN,
Dy. Director, Traffic (C),
Railway Board.

Copy of letter No. 1309-TG, dated 8th August 1952. from the Ministry of Railways (Railway Board), to the General Manager, All Indian Railways.

SUB: *Remission and refund of demurrage and wharfage charges.*

An extract of para 58 of the proceedings of the meeting of the Public Accounts Committee held on 27th Sept. 1951, is enclosed.

2. The Board desire your existing checks and supervision carefully scrutinised and tightened up, so that large sums of demurrage and wharfage are not allowed to accumulate and timely and regular action is taken to make the necessary recoveries from the siding owners. The Board will be glad if half yearly reviews of the position are made and a report submitted to them for the half years ending 30th September, and 31st March.

3. The Board also desire to be furnished with detailed information regarding the existing delegation of powers for writing-off demurrage and wharfage charges together with your views as to whether the present procedure is working satisfactorily or whether a revision is considered necessary to ensure that there is no abuse of the delegated powers by the lower authorities.

EXTRACT OF PARA 58 OF THE PROCEEDING OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 27TH SEPTEMBER, 1951.

Para 28 of the Audit Report—E.I. and B.N. Railways—Remission of outstanding demurrage charges.

58. The Committee drew the attention of the representatives of the Railway Board to the very large amounts of demurrage charges waived by them. They described the whole business as 'unsatisfactory' and wanted to know what was being done to prevent such difficulties of realising large amounts that might arise in future on other Railways. The Member (Traffic), Railway Board, in explaining the matter told the Committee that the demurrage charges levied in the case referred to in this Para, were in the nature of a penalty on people who liked to detain wagons unnecessarily. He added that while going into the merits of each case, officers at various levels were authorised to remit these charges, either wholly or partially if it was found that the detention was such that could not be avoided or that the consignee was not responsible for the demurrage. In this particular case, the remurrage charges went on accumulating and the question of individual waivers did not arise as they were not put forward. The Railway Board while reviewing the entire question considered that there was some justification for waiving demurrage. They had also appointed a Committee to go into the question of the operating difficulties and the Committee had made certain recommendations some of which had been implemented and the others were in the process of implementation. The Railway Board, he stated, came to the conclusion that some amount of remission was justified and they remitted upto 33 per cent., in the first instance; again a representation was made and the Railway Board in consultation with the Minister agreed that a 50 per cent remission might be granted. The remission looked formidable because it was one lump sum. So far as the recurrence of such cases was concerned, he stated that they had gone into the whole question of revising the demurrage rules as existing at Tatanagar and the Indian Iron and Steel Company's siding and new rules had been brought into force recently. He, however, could not

guarantee that cases of waiving of demurrage charges would not occur because that was in the day-to-day business of the Railways, but what the Railway Board had done so far was to see that what the firms complained as impediments in the way of their making the wagons available without incurring any demurrage charges were removed and a closer watch was kept on the release of wagons.

The Committee drew the attention of the spokesmen of the Railway Board to Para 23 of the Report of the Public Accounts Committee on the Accounts of 1943-44 wherein the Committee had deprecated the tendency of the Railways to grant remission of wharfage and demurrage charges to the extent of 50 per cent and had enjoined on the then Railway Department to consider the question of reducing the percentage and issue necessary instructions to that effect. The Committee observed that in spite of these strictures of their predecessors passed about eight years ago, there was not much of improvement. The Committee further observed that they did not feel happy about the waiving of demurrage charges in the case of special sidings and desired the Railway Board to consider the whole question and submit to them a report, in due course, of the decision arrived at in the matter.

Copy of letter No. TCIII|3043|57, dated 10th September, 1958 from the Railway Board, to the General Manager, Central Railway.

SUB: *Remission and refund of demurrage and wharfage charges, during* 1956-57.

A statement showing the wharfage and demurrage accrued, collected, and waived etc. on your railway during the year 1956-57 is given below:—

Amount outstanding	Amount accrued during 1956-57	Total	Amount collected	Amount waived	Balance
7,15,644	98,55,960	105,71,004	61,68,201	34,11,499	9,91,304

The Board note with concern that the percentage of the amount of demurrage and wharfage waived to those accrued is very high on your railway as compared to others in spite of the instructions contained in their letter No. 1309-TG, dated 8th August, 19[illegible].

The Board desire that suitable instructions should again be issued to the staff concerned to tighten up the procedure for waival of demurrage and wharfage charges.

APPENDIX XXXV

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Sl. No. 63 of Appendix II)

MEMORANDUM

REF: Conclusion/Recommendation Nos. 44-45 contained in Appendix XIV to the 40th Report of the Public Accounts Committee (2nd Lok Sabha).

In noting the observations of the Committee, the Ministry of Railways would invite reference to their Memorandum submitted to the Committee in September, 1961 which is mentioned in para 75 of the Committee's Report and in which details were given of various items which constitute 'freight outstandings'. It was explained that freight outstandings include not only amounts remaining uncollected from consignees, but also freight on re-directed consignments and cases of loss or damage in transit for which compensation has been paid by the Railways but which have not been linked with the accounts of the stations concerned so as to clear the outstandings. The Railway Board are seized of the fact that the amounts uncollected from the consignees account for a substantial proportion of freight outstandings and would like to assure the Committee that there will be no relaxation of efforts in this regard. Periodical reviews of station outstandings are carried out both at the Railway Level and in the Railway Board's Office, to ensure strict watch over the outstandings and to act as safeguard against any delays or complacency on the part of the staff. During the inspection tours by the Members of the Board—by the Additional Member, Finance, in particular—the importance of the matter is brought home to the General Managers and other railway officers.

2. The existing procedure which was introduced in 1959, as a result of the investigations carried out by an officer on Special Duty in the Railway Board's Office, appears to be reasonably adequate and the Ministry of Railways fully hope that strict compliance of the procedure will bring about tangible improvement in the near future. The matter is kept continuously in view through the usual reports from Railways and the clearance of Station Outstandings will continue to receive vigorous attention.

3. The overall percentage of station outstandings over one year old to the total station outstandings on 30th November, 1961 has come down to 26%, against about 30% on 31st May, 1960. The items over one year old under 'freight outstanding' have been reduced to Rs. 72·93 lakhs, on 30th November, 1961, from Rs. 89·14 lakhs on 31st May, 1960.

4. As regards North Eastern and North-east Frontier Railways, the percentage of outstanding over one year old to total station outstanding as on 30th November, 1961 has come down to 57% and 46% respectively, as compared to 69% and 54% respectively on 30th November, 1960 (as reported in the Audit Para). This is a reflection of the vigorous measures taken by these railways for the clearance of station outstanding.

5. It is appreciated that whatever may be the reasons—*viz.* dilution of staff, etc.—the position is not satisfactory. The Ministry of Railways can only assure the Committee that they will continue to pursue the problem until normalcy is achieved.

6. This has been seen by Audit who have stated that the figures giving the latest position of the old station outstandings, mentioned in paras 3 and 4 above, are under verification by them.*

*Since verified.

APPENDIX XXXVI

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Sl. No. 65 of Appendix II)

MEMORANDUM

REF: Conclusion/Recommendation No. 46 contained in Appendix XIV to the 40th Report of the P.A.C. (2nd Lok Sabha).

In compliance with the Committee's direction, the Railway Administration has examined further the question why T.A. through false T.A. Journals continued to be drawn by the Railway Protection Police staff for seven months after the irregularity had been reported. It may be clarified that the allegations of irregularities reached the Railway Administration in May, 1954 through a letter written by some unknown persons. The Committee will appreciate that some *prima facie* verification of the facts was necessary before any action could be initiated. A Committee of enquiry was set up in June, 1954 by the Eastern Railway Administration comprising three Senior Scale Officers, to verify the facts in the anonymous report. The State Government of West Bengal, under whose administrative control the then Railway Protection Police worked—even though under the Railway's day to day operational control—had also received a similar anonymous report, and action initiated by the State Government's C.I.D. in August, 1954 partly dovetailed with the investigations already started by the Eastern Railway. As indicated in the Memorandum submitted by the Ministry of Railways to the Committee in September, 1961, there was some unavoidable delay due to the Railway having to furnish information to the State Government's C.I.D. to facilitate investigations of the criminal aspects of this case, and it is unfortunate that meanwhile the irregularities continued until December, 1954.

It was apparently in the foregoing background that the Accounts Department was not alerted in the matter of passing of the T.A. bills until reasonable evidence could be collected in regard to the basis for these allegations, etc. Instructions, however, have been issued* that when any Department of the Railway receives even anonymous complaints or reports of irregular claims for payment (whether by staff or contractors, etc.) the responsible officers of the

*Copy enclosed.

Accounts Department should be immediately alerted in advance of completion of the enquiries, so that in passing bills etc. the Accounts Office might exercise increased vigilance as may be considered *prima facie* to be necessary.

In the circumstances, the Ministry of Railways would request that the case may not be pursued further.

This has been seen by Audit.

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. 62-B(C)-PAC/II/40(46)

New Delhi, dated 2nd July, 1962

The General Managers,

All Indian Railways including C.L.W., D.L.W. & D.B.K.R.P.

The General Manager and Chief Engineer,
Railway Electrification,
Calcutta.

The Chief Administrative Officer,
Integral Coach Factory,
Perambur.

SUB:—*Anonymous complaint—Irregularities in drawing T.A. claims.*

A case has been reported by the Audit, in which certain irregularities in drawing T.A. claims came to notice of a Railway Administration through an anonymous complaint. The Administration rightly started investigations in order to establish *prima facie* the authenticity of the allegations made in the complaint. In the meanwhile, irregular claims continued to be preferred and were passed for payment by the Accounts Department.

The Railway Board desire that when any Department of the Railway receives even anonymous complaints or reports in regard to irregular claims for payment, whether by staff or contractors, irregular financial or other procedures etc. the responsible officers of the Accounts Department should be immediately alerted in advance of the usual enquiries. This will facilitate the Accounts Office exercising increased vigilance immediately as may be considered *prima facie* to be necessary in dealing with such matters.

The Board desire to make it clear that there is no intention to deviate from the established principle that no conclusions should be drawn and no action taken on anonymous complaints until enquiries

where considered necessary and instituted have *prima facie* established the main facts. The instructions herein are by way of abundant caution.

VIRENDRA NATH,
Dy. Director, Finance (Budget),
Railway Board.

DA: Nil
No. 62-B(C)-PAC/II/40(46)

New Delhi, dated 2-7-1962

Copy with 105 spare copies, forwarded to the ADAI (Railways), New Delhi for information.

DA: As above.

VIRENDRA NATH,
Dy. Director, Finance (Budget),
Railway Board.

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. 62-B(C)-PAC/II/40(46)

New Delhi dated 5th July, 1962.

The General Managers,,
All Indian Railways including C.L.W., D.L.W. & D.B.K.R.P.

The General Manager and Chief Engineer,
Railway Electrification,
Calcutta.

The Chief Administrative Officer,
Integral Coach Factory,
Perambur.

SUB:—*Anonymous complaint—Irregularities in drawing T.A. claims.*

Reference is invited to Board's letter of even number, dated 2nd July, 1962 wherein Railways were informed that no action need be taken on anonymous complaints, until enquiries have been completed. The Board desire to clarify that no *punitive* action should be taken until enquiries have been completed.

VIRENDRA NATH,
Dy. Director, Finance (Budget),
Railway Board.

DA: Nil

No. 62-B(C)-PAC/II 40(46) *New Delhi, dated* 5-7-1962.

Copy with 105 spare copies, forwarded to the ADAI (Railways), New Delhi for information.

DA: As above.

VIRENDRA NATH,
Dy. Director, Finance (Budget),
Railway Board.

APPENDIX XXXVII

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(SERIAL NO. 69 OF APPENDIX II)

MEMORANDUM

RE:—*Conclusion/recommendation No. 50 contained in Appendix XIV to the 40th Report of the Public Accounts Committee (2nd Lok Sabha).*

It is regretted that, with reference to the comments in regard to this item in the 33rd Report of the Public Accounts Committee,—about the time taken by the Railway Board in taking a decision in this case,—the position was not brought out clearly in the reply of the Railway Board of 12th June, 1961. The position is, therefore, explained fully herein.

2. The proposals of the N.E. Railway Administration in regard to the award of the contract in this case were received with the Railway's letter of 4/5-9-1956. In spite of the fact that the aforesaid letter had not mentioned the last date of validity of the tenders (16th October, 1956), a reply was sent by the Railway Board to the Railway Administration on 3rd October, 1956, asking for some pertinent further information. The matter was further followed up by a demi-official reminder sent from the Railway Board to the Railway in November, 1956, and a further telegraphic reminder in December, 1956. It is regretted that the Railway Administration, on receipt of the Board's letter of 3rd October, 1956, did not still appreciate the position, and that the complete information from the Railway was only received on 30-1-1957, whereafter the Railway Ministry's decision was communicated to the Railway on 5-2-1957. It is unfortunate that when the Board's letter of 3rd October, 1956 was marked to the then Dy. Chief Mechanical Engineer (Works), he remained content with recording a remark on the letter that the related file of papers had gone to the General Manager in another connection and that the Secretary to the General Manager to have telephoned. This Dy. C.M.E. as one, who had himself served on the tender committee, did not appreciate the urgency of the matter as he should have done and did not make immediate efforts personally to get the file and send a reply to the Board in advance of 16-10-1956 (the last date of

validity of the tender). This was a regrettable lapse; but having regard to the overall good record of this officer, the Ministry of Railways plead that no action against him is called for.

3. While the Ministry of Railways assume full responsibility for delay in any part of the Railway organisation, the clarification in the foregoing paragraph will indicate that the delay in handling the case was not in the Ministry's office. The case was handled with all reasonable speed in the Railway Board's office, though admittedly a higher priority would have been given if the last date of validity of the tenders had been indicated in the Railway's proposals. As it happened, a reply was, in fact, sent to the Railway on their initial proposal, sufficiently before the expiry of the last date of validity of the tender despite the lack of information in the Ministry regarding this date.

4. As explained in the earlier Memorandum submitted to the Public Accounts Committee, instructions have been issued to Railway Administrations to ensure that important factors, such as the date of expiry of the validity of tenders, are brought out prominently in proposals submitted to the Railway Board, the machinery in the Railway Board's office has also been tightened up to expedite disposal of cases to the maximum extent possible. The Railway Ministry trust, therefore, that such cases will not recur.

5. This has been seen by Audit.

APPENDIX XXXVIII

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(*Serial No. 70 of Appendix II*)

REF:—*Recommendation No. 51 contained in Appendix XIV to the 40th Report of the Public Accounts Committee (2nd Lok Sabha).*

The contractor failed to deliver the 60 coaches within the target date of 31-12-1957 stipulated in the Agreement. As, however, the Administration was satisfied that the contractor had *bona fide* difficulties beyond his control in the procurement of essential materials the contract was allowed to run beyond the stipulated date of completion. Subsequently, for a period of about a year and a half, in accordance with the Ministry of W.H. & S.'s advice, business dealings with the contractor had to be suspended pending completion of enquiries in connection with certain irregularities on the part of the same contractor in some other Government (non-railway) contracts. Supply of underframes and payment of on-account bills were withheld or restricted during this period. It was only from about June 1959 that the resumption of normal supply of underframes was made. Even, thereafter, the outturn of coaches by the contractor did not show appreciable improvement, and a meeting was held with the contractor in July 1960, with a view to getting a clear indication of the contractor's ability to complete the contract and of the prospects of delivery of the balance of the coaches before taking a decision regarding further continuance of the contract, etc. In accordance with the agreement reached at this meeting and in consultation with the Ministry of Law, it was decided to fix a revised target date for the completion of the contract, reserving Government's rights to rescind the contract without prejudice to Government's other rights under the contract in case the contractor failed to perform the contract fully within the extended date namely 31-8-1961. In terms of this decision, the contractor was allowed to continue to work.

2. The contractor was, however, unable to complete the contract by 31-8-1961 and could deliver only 5 coaches out of the remaining 36 coaches during this extended period. In the circumstances, the contract was terminated w.e.f. 31-8-1961.

3. Soon after the termination of the contract, in September 1961, the contractor requested the Railway Board to nominate an arbitrator, in terms of the agreement, for reference and settlement of the points under dispute between them and the Railway Administration. As, however, the contractor had not indicated the specific points on which arbitration was required, he was asked to indicate the same. In reply, he merely insisted that an arbitrator be appointed immediately and that the specific points of dispute would be placed before the arbitrator when appointed. While the stand taken by the contractor was being examined in consultation with the Ministry of Law, the contractor filed an application in the Court of the Sub-Judge, Delhi, for appointment of an arbitrator by the court. The case is now pending with the court and has been adjourned for consideration on the 13th August, 1962.

4. The question of the nature and extent of the liabilities of the contractor, including liquidated damages and the extent to which the security deposit held by the Railway Administration for the satisfactory fulfilment of the contract could be appropriated, is currently under examination by Ministry of Railways in consultation with the Ministry of Law.

5. This has been seen by Audit.

APPENDIX XXXIX

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

(Para 149 of Proceedings)

MEMORANDUM

List of points arising out of Appropriation Accounts (Railways) 1960-61 furnished with the Lok Sabha Secretariat O. M. No. 2/IX/(2)/62/PAC, dated 31st July, 1962.

Item No. 10—*Economy measures adopted by Railways and results thereof*

"A copy of directives issued by the Railway Board to all the Railways to effect economy in expenditure together with a note giving the measures taken in this regard and the results achieved."

The existence of an associated Finance Organisation at different levels of the Railway Administration has secured, on the Railways, the inherent advantage of a continuous financial scrutiny. Financial control, however, has been intensified since about the later part of 1957 when, due to a temporary recession in the growth of economic activity in the country first coming to notice, the Government of India initiated special economy measures. The Ministry of Railways, in step with other Ministries of the Government of India, set up an Economy Committee at the Railway Board level—as a projection of the Central Economy Board—as well as at the Railway levels, and covered certain specific aspects in the directive issued to the Railways in Railway Board's letter No. Secy./51/57 dated 10-8-1957, copy of which is enclosed. Quarterly economy reports under the following sub-heads were compiled and submitted to the Cabinet Secretariat, for inclusion in the consolidated report laid every quarter on the Table of the Parliament:

(i)—Economy in Establishment—both in Railway Board and on the zonal Railways.

(ii)—Economy in purchase of stores and equipment.

(iii)—Economy in respect of projects—curtailment, modification, deletion or postponement of projects.

2. Recently, with a view to enhance the value of the Economy Reports and ensure that these reports do not drift into routine returns, the Railway Board issued directives in their D. O. letters

No. 59/O&M/50 of 22-9-1960 and 61/O& M/51 of 15-?-1962. It was enjoined in the former letter, that reports should be submitted on studies covering selected fields of activity for example, judging the effectiveness of steps taken for prevention of claims for goods lost or damaged, with reference to the work done by the Claims Prevention Organisation and the Railway Protection Force Organisation, examination of the transit time of freight traffic with related aspects of wagon chasing, etc. The more recent letter of the Railway Board of 15-3-1962, already referred to, stressed the need to watch the progress of measures undertaken for effecting 'cost reduction', including expeditious payment of contractors' bills which indirectly will have the effect of reduction of rates.

3. Since February, 1960, the results achieved by the Indian Government Railways, in the entire field of keeping down maintenance and operation costs, eliminating waste and improving operating efficiency, so as to counter-act the effect of rising costs, without allowing maintenance standards to suffer, are brought out in the 'Reviews' which are being published and supplied to the Parliament, with the Annual Budget documents. Since 1961, these Reviews, show, *inter alia*

(i) Overall indices of operating efficiency, derived from the various statistical units internationally recognised as being the most significant in relation to the usage of rolling stock, etc. (Refer to page 52 of the 'Review' Published in March 1962).

(ii) Correlation of expenditure of the immediately preceding period with performance, as a first step towards implementing the recommendations of the Estimates Committee, indicating how expenditure under repairs and maintenance, fuel, claims, etc., have moved in step with the increase in traffic handled by the Railway and also how the increase in staff strength has been regulated with reference to the increased quantum of work done by the Railway (Refer to pages 64—82 of the Review published in March 1962).

(iii) Return on capital investment, both in terms of physical out-put of transport, and in relation to the capital outlay (after allowing for increased expenditure due merely to increased prices). (Refer to pages 89 to 93 of the 'Review' Published in March 1962). The fact that both on account of increased quantum of traffic and on account of various measures of operational improvement, it has been possible to handle the increased traffic by

using proportionately lesser quantum of assets, is brought out in the graphic chart at the end of the 'Review' of 1962.

It is considered that the results of financial control in respect of an undertaking like the Railways are more properly reflected by the above data than by unrealistic and isolated figures of number of staff reduced, etc.

4. Measures were also taken, by appointing a Director on Special Duty in 1958-59, to initiate a drive for improving management of store holdings, thus avoiding additional purchases to that extent. As a result of various steps taken for reducing the stores balance, utilising materials wherever possible from existing stocks, with alternative specifications or by reclaiming scrap etc., the initial provision in the Second Plan, for an increase of Rs. 50 crores in the stores balances was reduced by about Rs. 20 crores. Improved methods of procurement and review of stocking limits etc. also contributed to the aforesaid reduction. The Board's directives to the Railways in this matter were issued in Railway Board's letters No. 58-B-4141/Genl. dated 10-11-1958 and 59/751/RS(G) dated 23-5-1959.

5. The largest single item of Ordinary Working Expenses of the Railways is on staff—over 200 crores, out of a total of nearly 360 crores. Economy in staff strength is naturally therefore one of the most important aspects for Railways. At a time when the quantum of traffic hauled is increasing largely and rapidly, increase in staff is inevitable but the efforts have been to handle the increases in traffic with just the additional staff essentially required. The progressive increase in *per capita* cost of staff, as a result of liberalisation in the conditions of service and progressive expansion of health and welfare measures, has naturally called for added vigilance in regard to control over increases in staff strength. In 1958, Railways were advised to effect economies in staff strength by a strict control over creation of additional posts, filling up of vacant posts etc.—*vide* Board's letter No. E(G)/58/EC/2|1 dated 11-12-1958. Later a ban on creation of posts and recruitment was imposed excepting for certain specified purposes, in order that the increases in strength could be judiciously regulated—*vide* Board's letter No. E(G)/601/EC2/2 dated 6-2-1960. In the workshops, through the introduction of the incentive system, more work is now done with the same staff strength while, at the same time, increasing the *per capita* income of the employees. In the 'Operational' staff, there has been no ban on the creation of posts or on recruitment, but the increased strength is watched carefully with reference to increased quantum of traffic. In the case of staff required for development projects also, there has been no ban. In the case

of non-technical categories and ministerial staff etc., however, there has been a ban till recently on creation of new posts or filling up of even normal wastage vacancies. The ban on filling even normal wastage vacancies in the ministerial cadres goes somewhat further than the Home Ministry's ban on creating and filling new posts. The ban has been worked with discretion, and the Railway Board have sanctioned limited relaxations to the Railways wherever justified. The total staff strength on Railways increased from 11.5 lakhs in 1958-59 to 11.6 lakhs in 1960-61, that is, only by about 10,000 in two years, the increase being proportionately very much less than the proportionate increase in traffic. This is against much larger average annual increase in the immediately preceding years.

6. Another direction in which the Railways have taken concerted measures is in regard to economy in the consumption and use of coal. Considering the large expenditure of Railways in regard to coal—nearly 20% of the Ordinary Working Expenses—measures for economy in fuel consumption have been given sustained attention. The Expert Committee on Coal set up in 1957-58, including representatives of the Ministry of Steel, Mines and Fuel and Council of Scientific and Industrial Research, went into the entire question of expenditure on coal, future requirements of Railways of high grade coal and prospects of adequate supplies and measures for meeting shortage as well as deterioration in the quality of coal supplied to Railways. The recommendations of the Committee which have been accepted and which require action internally by Railways have been mostly implemented—namely judicious distribution of available supplies, revision of trip rations on the basis of coal trials, etc.

The results achieved, notwithstanding the increasing proportion of inferior grades of coal now received by Railways, would be apparent from the following figures:—

Consumption of coal in Paunds per 1,000 Gross ton Miles.

	B.G.		M.G.	
	Passenger	Goods	Passenger	Goods
1950-51	192·2	164·1	233·9	203·0
1960-61	188·9	144·2	209·1	191·4

	1950-51	1956-57	1960-61
Fuel consumed for Locomotive purposes in terms of coal (in lakh tons)	94·2	120·1	157·0
Index of consumption.	200·	127·5	160·3
Gross ton miles (in thousand millions)	95·4	129·9	164·0
Index	100·0	136·2	171·9

7. Sustained efforts have also been made to secure progressive improvement in the payment and prevention of claims for goods lost or damaged. It may be stated that during 1960-61, the payment of claims came down to 361 lakhs, against 375 lakhs in 1959-60, and this in spite of a greater volume of tonnage. It has to be remembered that the expenditure on compensation claims has to be related to the volume of tonnage carried as well as the price index at the time the compensation is paid. The relative index—based on 1950-51-100—came down to 77 in 1956-57 and to 63.9 in 1960-61.

8. Apart from the general economy measures for all Railways, special measures were instituted on the Southern Railway and on the North Eastern and North-east Frontier Railways. The directives issued in this connection and the results achieved are embodied in the two bound volumes sent herewith.

This has been seen by Audit.

Sd./- K. S. BHANDARI,
Director, Finance, Rly. Bd.

ANNEXURE I

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

No. Secy./51/57.

New Delhi, dated 10th August, 1957.

The General Managers,
All Indian Railways including The Chief Administrative Officer,
I.C.F., Perambur.

You are already aware of Government's express desire that the maximum economy and efficiency should be achieved in the use of financial, material and manpower resources during the Second Five Year Plan period. In this connection reference is invited to D.O. letter No. 56-B-4109 dated 14-5-1956 from Shri J. Dayal, Financial Commisioner to General Managers and D. O. letter No. 56-B-4109 dated 25-7-1957 from Shri S. S. Ramasubban, Secretary to General Managers. With a view to achieving this target, the Board have set up a Standing Economy Committee to tackle the problem at the Board's level and to chalk out broad lines on which the problem might be dealt with on the Railways. A copy of the record of the discussions of the first meeting of the Committee held in Board's Office on 26-6-1957 is enclosed for information and guidance.

2. The Board desire that Economy Committees should be set up on each Railway Administration. It will be the responsibility of this Committee to keep the over-riding need for achieving the maximum economy and efficiency continuously in view and take whatever action is necessary in this respect.

Regarding the constitution of the Committee, while it is not Board's desire to interfere with the discretion of General Managers in setting up the best arrangement suitable to meet their requirements, they will, however, suggest the possibility of appointing the Senior Deputy General Manager as the Chairman of the Committee with a view to co-ordinating the work in all the Departments and of associating the Financial Adviser and Chief Accounts Officer on this Committee for your consideration. This Committee will doubtless tackle

the question of economy in staff—both Gazetted and non-Gazetted, economy in other matters such as use of telephones and other services and improvement in efficiency. It is needless to mention that the Economy Committee should review the need for the continuation not only of temporary posts that might be asked for by the Administration but also the retention of the permanent posts, irrespective of whether the posts were originally sanctioned on account of the need for which was felt at the Railway's level or at a higher level in keeping with the policy that was being adopted at the time.

3. The Board desire further that the results achieved by this Committee might be reported to them once a month, say, on the 1st day of the month following the month to which it relates.

Please acknowledge receipt.

Sd/-S. S. RAMASUBBAN,

DA: one

Secretary, Railway Board.

MGIPND—LS 1—1844 (Aii) LS—12-11- 2—1700.

S.No.	Name of Agent	Agency No.
27	Law Book Company, Sardar Patel Marg, Allahabad-1.	48
28	Goel Traders, 100C, New Mandi, MuJaffarnagar	84
29	B.S. Jain & Company, 71, Ahupura, Muzaffarnagar	90
	WEST BENGAL	
30	M.C. Sarkar & Sons (Private) Limited, 14, Bankim Chatterjee Street, Calcutta-12.	42
31	W. Newman & Company Limited, 3, Old Court House Street, Calcutta	44
32	Thacker Spink & Company (1933) Private Ltd., 3, Esplanade East, Calcutta-1.	45
33	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akrur Lane, Calcutta-12	32
	DELHI	
34	Jain Book Agency, Connaught Place, New Delhi	1
35	M/s Sat Narain & Sons, 3141, Mohd Ali Bazar, Mori Gate, Delhi	3
36	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9
37	J.M. Jaina & Brothers, Mori Gate, Delhi	
38	The Central News Agency, 23/90, Connaught Circus, New Delhi	15
39	The English Book Stall, 7-L, Connaught Circus, New Delhi	20
40	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi	21
41	Lakshmi Book Store, 42, M.M. Janpath, New Delhi	23
42	Kitab Mahal (W.D.) Private Ltd., 28, Faiz Bazar, Delhi	25
43	Bahari Brothers, 188, Lajpat Rai Market, Delhi-6	27
44	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi	66
45	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1,	68
46	People's Publishing House, Rani Jhansi Road, New Delhi	76
47	Mehra Brothers, 50-G, Kalkaji, New Delhi-19	
48	Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6	87
49	The United Book Agency, 48, Amrit Kaur Market, Paharganj, New Delhi	88
50	Hind Book House, 82, Jan Path, New Delhi	85
51	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9	96
	MANIPUR	
52	Shri N. Chaoba Singh, Newspaper Agent, Ramlal Paul High School, Annexe, Imphal, Manipur	77
	AGENTS IN FOREIGN COUNTRIES	
53	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON W.C. 2.	59

© 1962 BY LOK SABHA SECRETARIAT

PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED AT THE PARLIAMENTARY WING OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.